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Chief Clerk of the House

*Chuck Hopson*

By: \_\_\_\_\_

FILED FEB 14 2007  
H.B. No. 1498

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Panola County Groundwater  
Conservation District; providing authority to impose a tax and  
issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle H, Title 6, Special District Local Laws  
Code, is amended by adding Chapter 8819 to read as follows:

CHAPTER 8819. PANOLA COUNTY GROUNDWATER

CONSERVATION DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8819.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the  
district.

(2) "Director" means a member of the board.

(3) "District" means the Panola County Groundwater  
Conservation District.

Sec. 8819.002. NATURE OF DISTRICT. The district is a  
groundwater conservation district in Panola County created under  
and essential to accomplish the purposes of Section 59, Article  
XVI, Texas Constitution.

Sec. 8819.003. CONFIRMATION ELECTION REQUIRED. If the  
creation of the district is not confirmed at a confirmation  
election held on or before December 31, 2008, the district is  
dissolved on that date, except that:

- 1           (1) any debts incurred shall be paid;  
2           (2) any assets that remain after the payment of debts  
3 shall be transferred to Panola County; and  
4           (3) the organization of the district shall be  
5 maintained until all debts are paid and remaining assets are  
6 transferred.

7           Sec. 8819.004. INITIAL DISTRICT TERRITORY. The initial  
8 boundaries of the district are coextensive with the boundaries of  
9 Panola County, Texas.

10           Sec. 8819.005. APPLICABILITY OF OTHER GROUNDWATER  
11 CONSERVATION DISTRICT LAW. Except as otherwise provided by this  
12 chapter, Chapter 36, Water Code, applies to the district.

13           Sec. 8819.006. DISTRICT PURPOSE. The district is created  
14 to:

15           (1) provide for the protection, recharging, and  
16 prevention of pollution and waste of groundwater in the Panola  
17 County area;

18           (2) control subsidence caused by the withdrawal of  
19 water from the groundwater reservoirs in the Panola County area;  
20 and

21           (3) regulate the transport of groundwater out of the  
22 district.

23           [Sections 8819.007-8819.020 reserved for expansion]

24           SUBCHAPTER A-1. TEMPORARY PROVISIONS

25           Sec. 8819.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a)  
26 Not later than the 45th day after the effective date of this  
27 chapter, nine temporary directors shall be appointed as follows:

1           (1) the Panola County Commissioners Court shall  
2 appoint eight temporary directors, with two of the temporary  
3 directors appointed from each of the four commissioners precincts  
4 in the county to represent the precincts in which the temporary  
5 directors reside; and

6           (2) the county judge of Panola County shall appoint  
7 one temporary director who resides in the district to represent the  
8 district at large.

9           (b) Of the temporary directors, at least one director must  
10 represent rural water suppliers in the district, one must represent  
11 agricultural interests in the district, and one must represent  
12 industrial interests in the district.

13           (c) If there is a vacancy on the temporary board of  
14 directors of the district, the Panola County Commissioners Court  
15 shall appoint a person to fill the vacancy in a manner that meets  
16 the representational requirements of this section.

17           (d) Temporary directors serve until the earlier of:

18           (1) the election of initial directors under Section  
19 8819.023; or

20           (2) the date this subchapter expires under Section  
21 8819.026.

22           Sec. 8819.022. ORGANIZATIONAL MEETING OF TEMPORARY  
23 DIRECTORS. As soon as practicable after all the temporary  
24 directors have qualified under Section 36.055, Water Code, a  
25 majority of the temporary directors shall convene the  
26 organizational meeting of the district at a location within the  
27 district agreeable to a majority of the directors. If an agreement

1 on location cannot be reached, the organizational meeting shall be  
2 at the Panola County Courthouse.

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6 directors of the district.

7 (b) The temporary directors shall have placed on the ballot  
8 the names of all candidates for an initial director's position who  
9 have filed an application for a place on the ballot as provided by  
10 Section 52.003, Election Code.

11 (c) The ballot must be printed to provide for voting for or  
12 against the proposition: "The creation of the Panola County  
13 Groundwater Conservation District."

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15 expenses, the ballot must be printed to provide for voting for or  
16 against the proposition: "The levy of a maintenance tax at a rate  
17 not to exceed \_\_\_\_ cents for each \$100 of assessed valuation."

18 (e) Section 41.001(a), Election Code, does not apply to an  
19 election held under this section.

20 (f) Except as provided by this section, an election under  
21 this section must be conducted as provided by Sections  
22 36.017(b)-(i), Water Code, and the Election Code. The provision of  
23 Section 36.017(d), Water Code, relating to the election of  
24 permanent directors does not apply to an election under this  
25 section.

26 Sec. 8819.024. INITIAL DIRECTORS. (a) If creation of the  
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1 the initial directors of the district serve on the board of  
2 directors until permanent directors are elected under Section  
3 8819.025 or 8819.053.

4 (b) The two initial directors representing each of the four  
5 commissioners precincts shall draw lots to determine which of the  
6 two directors shall serve a term expiring June 1 following the first  
7 regularly scheduled election of directors under Section 8819.025,  
8 and which of the two directors shall serve a term expiring June 1  
9 following the second regularly scheduled election of directors.  
10 The at-large director shall serve a term expiring June 1 following  
11 the second regularly scheduled election of directors.

12 Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On  
13 the uniform election date prescribed by Section 41.001, Election  
14 Code, in May of the first even-numbered year after the year in which  
15 the district is authorized to be created at a confirmation  
16 election, an election shall be held in the district for the election  
17 of four directors to replace the initial directors who, under  
18 Section 8819.024(b), serve a term expiring June 1 following that  
19 election.

20 Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter  
21 expires September 1, 2012.

22 [Sections 8819.027-8819.050 reserved for expansion]

23 SUBCHAPTER B. BOARD OF DIRECTORS

24 Sec. 8819.051. DIRECTORS; TERMS. (a) The district is  
25 governed by a board of nine directors.

26 (b) Directors serve staggered four-year terms, with four or  
27 five directors' terms expiring June 1 of each even-numbered year.

1       (c) A director may serve consecutive terms.

2       Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS  
3 PRECINCTS. (a) The directors of the district shall be elected  
4 according to the commissioners precinct method as provided by this  
5 section.

6       (b) One director shall be elected by the voters of the  
7 entire district, and two directors shall be elected from each  
8 county commissioners precinct by the voters of that precinct.

9       (c) Except as provided by Subsection (e), to be eligible to  
10 be a candidate for or to serve as director at large, a person must be  
11 a registered voter in the district. To be a candidate for or to  
12 serve as director from a county commissioners precinct, a person  
13 must be a registered voter of that precinct.

14       (d) A person shall indicate on the application for a place  
15 on the ballot:

16               (1) the precinct that the person seeks to represent;  
17 or

18               (2) that the person seeks to represent the district at  
19 large.

20       (e) When the boundaries of the county commissioners  
21 precincts are redrawn after each federal decennial census to  
22 reflect population changes, a director in office on the effective  
23 date of the change, or a director elected or appointed before the  
24 effective date of the change whose term of office begins on or after  
25 the effective date of the change, shall serve in the precinct to  
26 which elected or appointed even though the change in boundaries  
27 places the person's residence outside the precinct for which the

1 person was elected or appointed.

2 Sec. 8819.053. ELECTION DATE. The district shall hold an  
3 election to elect the appropriate number of directors on the  
4 uniform election date prescribed by Section 41.001, Election Code,  
5 in May of each even-numbered year.

6 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
7 and (d), Water Code, do not apply to the district.

8 (b) A director is entitled to receive compensation of not  
9 more than \$50 a day for each day the director actually spends  
10 performing the duties of a director. The compensation may not  
11 exceed \$3,000 a year.

12 (c) The board may authorize a director to receive  
13 reimbursement for the director's reasonable expenses incurred  
14 while engaging in activities on behalf of the board.

15 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
16 required for board action. If there is a tie vote, the proposed  
17 action fails.

18 [Sections 8819.056-8819.100 reserved for expansion]

19 SUBCHAPTER C. POWERS AND DUTIES

20 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
21 provided by this chapter, the district has all of the rights,  
22 powers, privileges, functions, and duties provided by the general  
23 law of this state applicable to groundwater conservation districts  
24 created under Section 59, Article XVI, Texas Constitution.

25 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
26 JURISDICTION. (a) Except as provided by this section, a  
27 groundwater well drilled or operated within the district under a

1 permit issued by the Railroad Commission of Texas is under the  
2 jurisdiction of the railroad commission, and, in respect to such a  
3 well, the district has only the authority provided by Chapter 36,  
4 Water Code.

5 (b) Groundwater produced in an amount authorized by a  
6 railroad commission permit may be used within or exported from the  
7 district without a permit from the district.

8 (c) To the extent groundwater is produced in excess of  
9 railroad commission authorization, the holder of the railroad  
10 commission permit:

11 (1) shall apply to the district for the appropriate  
12 permit for the excess production; and

13 (2) is subject to the applicable regulatory fees.

14 Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
15 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
16 purchase, sell, transport, or distribute surface water or  
17 groundwater for any purpose.

18 Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
19 DOMAIN POWERS. The district may not exercise the power of eminent  
20 domain.

21 Sec. 8819.105. METERING. The district may meter water from  
22 a well under its jurisdiction only if:

23 (1) water from the well is being transported outside  
24 Panola County;

25 (2) the directors have reason to believe that the well  
26 has produced water in excess of 25,000 gallons per day for an  
27 extended period of time; or

1           (3) the directors have reason to believe that the well  
2 is causing pollution or undue interference with other  
3 water-producing wells.

4           Sec. 8819.106. REGIONAL COOPERATION. (a) In this section,  
5 "designated groundwater management area" means an area designated  
6 as a groundwater management area under Section 35.004, Water Code.

7           (b) To provide for regional continuity, the district shall  
8 comply with the requirements of Section 36.108, Water Code, and:

9           (1) participate as needed in coordination meetings  
10 with other groundwater conservation districts in its designated  
11 groundwater management area;

12           (2) coordinate the collection of data with other  
13 groundwater conservation districts in its designated groundwater  
14 management area in such a way as to achieve relative uniformity of  
15 data type and quality;

16           (3) coordinate efforts to monitor water quality with  
17 other groundwater conservation districts in its designated  
18 groundwater management area, local governments, and state  
19 agencies;

20           (4) provide groundwater level data to other  
21 groundwater conservation districts in its designated groundwater  
22 management area;

23           (5) investigate any groundwater or aquifer pollution  
24 with the intention of locating its source;

25           (6) notify other groundwater conservation districts  
26 in its designated groundwater management area and all appropriate  
27 agencies of any groundwater pollution detected;

1           (7) annually provide to other groundwater  
2 conservation districts in its designated groundwater management  
3 area an inventory of water wells and an estimate of groundwater  
4 production in the district; and

5           (8) include other groundwater conservation districts  
6 in its designated groundwater management area on the mailing lists  
7 for district newsletters, seminars, public education events, news  
8 articles, and field days.

9           [Sections 8819.107-8819.150 reserved for expansion]

10           SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

11           Sec. 8819.151. LIMITATION ON TAXES. The district may not  
12 impose ad valorem taxes at a rate that exceeds 1.5 cents on each  
13 \$100 valuation of taxable property in the district.

14           Sec. 8819.152. FEES. (a) The board by rule may impose  
15 reasonable fees on each well:

16                   (1) for which a permit is issued by the district; and

17                   (2) that is not exempt from district regulation.

18           (b) A production fee may be based on:

19                   (1) the size of column pipe used by the well; or

20                   (2) the amount of water actually withdrawn from the  
21 well, or the amount authorized or anticipated to be withdrawn.

22           (c) The board shall base the initial production fee on the  
23 criteria listed in Subsection (b)(2). The initial production fee:

24                   (1) may not exceed:

25                           (A) 25 cents per acre-foot for water used for  
26 agricultural irrigation; or

27                           (B) 6.75 cents per thousand gallons for water

1 used for any other purpose; and

2 (2) may be increased at a cumulative rate not to exceed  
3 three percent per year.

4 (d) In addition to the production fee authorized under this  
5 section, the district may assess an export fee on groundwater from a  
6 well that is produced for transport outside the district.

7 (e) Fees authorized by this section may be:

8 (1) assessed annually;

9 (2) used to pay the cost of district operations; and

10 (3) used for any other purpose allowed under Chapter  
11 36, Water Code.

12 Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
13 may issue bonds and notes under Subchapter F, Chapter 36, Water  
14 Code, except that the total indebtedness created by that issuance  
15 may not exceed \$500,000 at any time.

16 SECTION 2. (a) The legal notice of the intention to  
17 introduce this Act, setting forth the general substance of this  
18 Act, has been published as provided by law, and the notice and a  
19 copy of this Act have been furnished to all persons, agencies,  
20 officials, or entities to which they are required to be furnished  
21 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
22 Government Code.

23 (b) The governor has submitted the notice and Act to the  
24 Texas Commission on Environmental Quality.

25 (c) The Texas Commission on Environmental Quality has filed  
26 its recommendations relating to this Act with the governor,  
27 lieutenant governor, and speaker of the house of representatives

1 within the required time.

2 (d) All requirements of the constitution and laws of this  
3 state and the rules and procedures of the legislature with respect  
4 to the notice, introduction, and passage of this Act are fulfilled  
5 and accomplished.

6 SECTION 3. This Act takes effect immediately if it receives  
7 a vote of two-thirds of all the members elected to each house, as  
8 provided by Section 39, Article III, Texas Constitution. If this  
9 Act does not receive the vote necessary for immediate effect, this  
10 Act takes effect September 1, 2007.



## BUSINESS LISTINGS

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Lavine, Matthew McPherron,  
Anand More, Kristin Mugford,  
James Nahirny, Benjamin Nye,  
William Pappendick, IV, Michel  
Plantevin, Dwight Poler, Peter  
Riehl, Douglas Rudisch, Walid  
Sarkis, Jeffrey Schwartz, Junichi  
Shiroshita, Yuji Sugimoto and  
Jonathan Zhu.  
Thomas H. Lee Equity Fund VI,  
L.P. is controlled by THL Equity  
Advisors VI, LLC, which is, in  
turn, controlled by Thomas H.  
Lee Partners, L.P. Thomas H. Lee  
Advisors, LLC is the General  
Partner of Thomas H. Lee  
Partners, L.P. Scott Schoen,  
Anthony DiNovi, and Scott  
Sperling are limited partners of  
Thomas H. Lee Partners, L.P. and  
Managing Directors, Co-  
Presidents, and members of  
Thomas H. Lee Advisors, LLC.  
Thomas Hagerty, Seth Lawry,  
Kent Weldon, Todd Abbrecht,  
Charles Brizius, Scott Jaeckel,  
and Soren Oberg are limited  
partners of Thomas H. Lee  
Partners, L.P. and Managing  
Directors and members of  
Thomas H. Lee Advisors, LLC.  
George Taylor, Richard Bressler,  
Gregory White, Joshua Nelson,  
Jeff Swenson, Ganesh Rao,  
James Carlisle, Joseph Pesce,  
Charles Holden, Joshua Bresler,  
Jeremy Tan, Warren Smith, Jr.,  
Thomas H. Lee, David Harkins,  
Hunter Boll, Terrence Mullen and

Issued and given under my hand  
and the seal of said Court at  
office, this the 11th day of  
December, 2006.

(SEAL)

Sandra King, District Clerk  
District Court  
Panola County, Texas  
By Sherry Tribbey, Deputy  
Room 227, Courthouse  
Carthage, Texas 75633

## CORRECTIVE LEGAL

Auction to satisfy landlord's lien  
will be held Tuesday, January 23,  
2007 at Panola Self Storage, 310  
South Adams Street, Carthage,  
Texas 75633.  
Victor B. Doris: Coolers, tools,  
household goods.  
Auction at 10:00 a.m. May be  
viewed at 9:45 a.m. day of sale.

## NOTICE OF INTENT TO APPLY FOR PASSAGE OF A LOCAL BILL

A bill to create the Panola  
County Groundwater  
Conservation District will be  
submitted 30 days from this  
notice in the 80th Texas  
Legislature.

## MISCELLANEOUS

**BARBED WIRE FENCES:** Call  
Pedro de Julian 903-690-0228;  
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## LIVESTOCK



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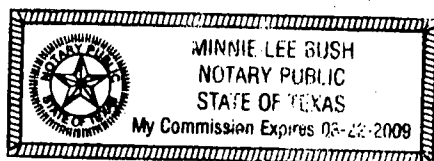
**903-622-4909 903-694-5763**

**J. T. Gates**

1-1007

THE STATE OF TEXAS, }  
COUNTY OF PANOLA: }

Before me, the undersigned authority, a Notary Public in and for Panola County, Texas, this day personally appeared ..... Bill Holder .....  
who, after being by me duly sworn, deposes and says on oath that he is the . Publisher ..... of THE  
. PANOLA . WATCHMAN a weekly newspaper published in Carthage, Panola County, Texas, and that the  
attached Notice of Publication was published in its issue of ..... January . 10 . . 2007 .....  
and ..... XXXXXXXX ..... and ..... XXXXXXXX .....  
and ..... XXXXXXXX ..... and that the charges therefor at the Rate of . 30¢/word  
cents per word for the first insertion and ... cents per word for each subsequent insertion total \$. 10 . 50



*Bill Holder* .....  
SWORN and Subscribed to before me, this the 10th  
day of ..... January ..... A.D. 20 . 07 . ....  
*Minnie Lee Gush* .....  
Notary Public, Panola County, Texas

# HOUSE COMMITTEE REPORT

07 APR 25 AM 12:40  
HOUSE OF REPRESENTATIVES

1<sup>st</sup> Printing

By: Hopson

H.B. No. 1498

Substitute the following for H.B. No. 1498:

By: Puente

C.S.H.B. No. 1498

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27 The at-large director shall serve a term expiring June 1 following

1 the second regularly scheduled election of directors.

2 Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On  
3 the uniform election date prescribed by Section 41.001, Election  
4 Code, in May of the first even-numbered year after the year in which  
5 the district is authorized to be created at a confirmation  
6 election, an election shall be held in the district for the election  
7 of four directors to replace the initial directors who, under  
8 Section 8819.024(b), serve a term expiring June 1 following that  
9 election.

10 Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter  
11 expires September 1, 2012.

12 [Sections 8819.027-8819.050 reserved for expansion]

13 SUBCHAPTER B. BOARD OF DIRECTORS

14 Sec. 8819.051. DIRECTORS; TERMS. (a) The district is  
15 governed by a board of nine directors.

16 (b) Directors serve staggered four-year terms, with four or  
17 five directors' terms expiring June 1 of each even-numbered year.

18 (c) A director may serve consecutive terms.

19 Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS  
20 PRECINCTS. (a) The directors of the district shall be elected  
21 according to the commissioners precinct method as provided by this  
22 section.

23 (b) One director shall be elected by the voters of the  
24 entire district, and two directors shall be elected from each  
25 county commissioners precinct by the voters of that precinct.

26 (c) Except as provided by Subsection (e), to be eligible to  
27 be a candidate for or to serve as director at large, a person must be

1 a registered voter in the district. To be a candidate for or to  
2 serve as director from a county commissioners precinct, a person  
3 must be a registered voter of that precinct.

4 (d) A person shall indicate on the application for a place  
5 on the ballot:

6 (1) the precinct that the person seeks to represent;  
7 or

8 (2) that the person seeks to represent the district at  
9 large.

10 (e) When the boundaries of the county commissioners  
11 precincts are redrawn after each federal decennial census to  
12 reflect population changes, a director in office on the effective  
13 date of the change, or a director elected or appointed before the  
14 effective date of the change whose term of office begins on or after  
15 the effective date of the change, shall serve in the precinct to  
16 which elected or appointed even though the change in boundaries  
17 places the person's residence outside the precinct for which the  
18 person was elected or appointed.

19 Sec. 8819.053. ELECTION DATE. The district shall hold an  
20 election to elect the appropriate number of directors on the  
21 uniform election date prescribed by Section 41.001, Election Code,  
22 in May of each even-numbered year.

23 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
24 and (d), Water Code, do not apply to the district.

25 (b) A director is entitled to receive compensation of not  
26 more than \$50 a day for each day the director actually spends  
27 performing the duties of a director. The compensation may not



1 exceed \$3,000 a year.

2 (c) The board may authorize a director to receive  
3 reimbursement for the director's reasonable expenses incurred  
4 while engaging in activities on behalf of the board.

5 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
6 required for board action. If there is a tie vote, the proposed  
7 action fails.

8 [Sections 8819.056-8819.100 reserved for expansion]

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
11 provided by this chapter, the district has all of the rights,  
12 powers, privileges, functions, and duties provided by the general  
13 law of this state applicable to groundwater conservation districts  
14 created under Section 59, Article XVI, Texas Constitution.

15 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
16 JURISDICTION. (a) Except as provided by this section, a  
17 groundwater well drilled or operated within the district under a  
18 permit issued by the Railroad Commission of Texas is under the  
19 jurisdiction of the railroad commission, and, in respect to such a  
20 well, the district has only the authority provided by Chapter 36,  
21 Water Code.

22 (b) Groundwater produced in an amount authorized by a  
23 railroad commission permit may be used within or exported from the  
24 district without a permit from the district.

25 (c) To the extent groundwater is produced in excess of  
26 railroad commission authorization, the holder of the railroad  
27 commission permit:

1           (1) shall apply to the district for the appropriate  
2 permit for the excess production; and

3           (2) is subject to the applicable regulatory fees.

4           Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
5 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
6 purchase, sell, transport, or distribute surface water or  
7 groundwater for any purpose.

8           Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
9 DOMAIN POWERS. The district may not exercise the power of eminent  
10 domain.

11           Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
12 "designated groundwater management area" means an area designated  
13 as a groundwater management area under Section 35.004, Water Code.

14           (b) To provide for regional continuity, the district shall  
15 comply with the requirements of Section 36.108, Water Code, and:

16           (1) participate as needed in coordination meetings  
17 with other groundwater conservation districts in its designated  
18 groundwater management area;

19           (2) coordinate the collection of data with other  
20 groundwater conservation districts in its designated groundwater  
21 management area in such a way as to achieve relative uniformity of  
22 data type and quality;

23           (3) coordinate efforts to monitor water quality with  
24 other groundwater conservation districts in its designated  
25 groundwater management area, local governments, and state  
26 agencies;

27           (4) provide groundwater level data to other

groundwater conservation districts in its designated groundwater management area;

(5) investigate any groundwater or aquifer pollution with the intention of locating its source;

(6) notify other groundwater conservation districts in its designated groundwater management area and all appropriate agencies of any groundwater pollution detected;

(7) annually provide to other groundwater conservation districts in its designated groundwater management area an inventory of water wells and an estimate of groundwater production in the district; and

(8) include other groundwater conservation districts in its designated groundwater management area on the mailing lists for district newsletters, seminars, public education events, news articles, and field days.

[Sections 8819.106-8819.150 reserved for expansion]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8819.151. LIMITATION ON TAXES. The district may not impose ad valorem taxes at a rate that exceeds 1.5 cents on each \$100 valuation of taxable property in the district.

Sec. 8819.152. FEES. (a) The board by rule may impose reasonable fees on each well:

(1) for which a permit is issued by the district; and

(2) that is not exempt from district regulation.

(b) A production fee may be based on:

(1) the size of column pipe used by the well; or

(2) the amount of water actually withdrawn from the

1 well, or the amount authorized or anticipated to be withdrawn.

2 (c) The board shall base the initial production fee on the  
3 criteria listed in Subsection (b)(2). The initial production fee:

4 (1) may not exceed:

5 (A) 25 cents per acre-foot for water used for  
6 agricultural irrigation; or

7 (B) 6.75 cents per thousand gallons for water  
8 used for any other purpose; and

9 (2) may be increased at a cumulative rate not to exceed  
10 three percent per year.

11 (d) In addition to the production fee authorized under this  
12 section, the district may assess an export fee on groundwater from a  
13 well that is produced for transport outside the district.

14 (e) Fees authorized by this section may be:

15 (1) assessed annually;

16 (2) used to pay the cost of district operations; and

17 (3) used for any other purpose allowed under Chapter  
18 36, Water Code.

19 Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
20 may issue bonds and notes under Subchapter F, Chapter 36, Water  
21 Code, except that the total indebtedness created by that issuance  
22 may not exceed \$500,000 at any time.

23 SECTION 2. (a) The legal notice of the intention to  
24 introduce this Act, setting forth the general substance of this  
25 Act, has been published as provided by law, and the notice and a  
26 copy of this Act have been furnished to all persons, agencies,  
27 officials, or entities to which they are required to be furnished

1 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
2 Government Code.

3 (b) The governor has submitted the notice and Act to the  
4 Texas Commission on Environmental Quality.

5 (c) The Texas Commission on Environmental Quality has filed  
6 its recommendations relating to this Act with the governor,  
7 lieutenant governor, and speaker of the house of representatives  
8 within the required time.

9 (d) All requirements of the constitution and laws of this  
10 state and the rules and procedures of the legislature with respect  
11 to the notice, introduction, and passage of this Act are fulfilled  
12 and accomplished.

13 SECTION 3. This Act takes effect immediately if it receives  
14 a vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for immediate effect, this  
17 Act takes effect September 1, 2007.

# COMMITTEE REPORT

The Honorable Tom Craddick  
Speaker of the House of Representatives

4/18/07  
(date)

Sir:

We, your **COMMITTEE ON NATURAL RESOURCES**

to whom was referred HB 1498 have had the same under consideration and beg to report back with the recommendation that it

- ☐ do pass, without amendment.  
☐ do pass, with amendment(s).  
☒ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.  
☒ yes ☐ no A fiscal note was requested.  
☐ yes ☒ no A criminal justice policy impact statement was requested.  
☐ yes ☒ no An equalized educational funding impact statement was requested.  
☐ yes ☒ no An actuarial analysis was requested.  
☒ yes ☐ no A water development policy impact statement was requested.  
☐ yes ☒ no A tax equity note was requested.  
☒ The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

For Senate Measures: House Sponsor \_\_\_\_\_

Joint Sponsors: \_\_\_\_\_

Co-Sponsors: \_\_\_\_\_

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Puente, Chair	X			
Hamilton, Vice-chair	X			
Gattis, CBO				X
Creighton	X			
Gallego	X			
Guillen	X			
Hilderbran	X			
Laubenberg	X			
O'Day	X			

Total

8 aye  
0 nay  
0 present, not voting  
1 absent

N. H. H.  
CHAIR

## **BILL ANALYSIS**

C.S.H.B. 1498  
By: Hopson  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Texas faces a difficult challenge to develop water policies that serve both state and regional interests. The Texas Constitution authorizes the creation of groundwater conservation districts to manage and conserve groundwater.

C.S.H.B. 1498 creates the Panola County Groundwater Conservation District, subject to approval at a confirmation election, to manage, monitor, and conserve Panola County's groundwater resources.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

Section 1: C.S.H.B. 1498 creates the Panola County Groundwater Conservation District (district) in Panola County, subject to voter approval at a confirmation election. The bill provides that the district is governed by a board of nine directors, sets forth provisions regarding the composition and administration of the board and the election, qualifications, terms of the directors, and the designation of temporary directors. In addition, C.S.H.B. 1498 prohibits the district from purchasing, selling, transporting, or distributing surface water or groundwater for any purpose and also prohibits the district's use of eminent domain powers.

This legislation prohibits the district from levying or collecting an ad valorem tax at a rate that exceeds 1.5 cents on each \$100 valuation of taxable property in the district. The bill limits the use as well as the amount of fees the district can impose and also limits indebtedness not to exceed \$500,000 at any time. This legislation also sets forth provisions regarding an election to confirm establishment of the district.

Section 2: This section outlines the legal notice of the intention to introduce this Act. The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, lieutenant governor, and speaker of the house of representatives.

Section 3: Effective Date: Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

Eliminates Sec. 8819.006, Special District Local Laws Code, entitled District Purpose. The purpose of this district is outlined in Sec. 8819.002, Special District Local Laws Code, and makes the eliminated text redundant. Substitute also eliminates Sec. 8819.105, Special District Local Laws Code, entitled Metering. Language in Sec. 8819.103, Special District Local Laws Code, makes the eliminated text unnecessary.

C.S.H.B. 1498 80(R)

## SUMMARY OF COMMITTEE ACTION

HB 1498

March 21, 2007 2:00 PM or upon final adjourn./recess

Considered in public hearing

Testimony taken in committee (See attached witness list.)

Left pending in committee

April 18, 2007 2:00 PM or upon final adjourn./recess

Considered in public hearing

Committee substitute considered in committee

Recommended to be sent to Local & Consent

Reported favorably as substituted



WITNESS LIST

HB 1498

HOUSE COMMITTEE REPORT

Natural Resources Committee

March 21, 2007 - 2:00 PM or upon final adjourn./recess

For:           Anderson, David (Panola County County Judge)  
                  Browning, James H. (Self and Panola County Chamber of Commerce)  
                  La Gront, J. Clayton (Self and Panola Co Chamber of Commerce)  
                  Payne, Jim (Self and Jim Payne- Panola Development Foundation)

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 21, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds. ), **Committee Report 1st House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
---

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 19, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.), **As Introduced**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**

Austin, Texas

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**80TH LEGISLATIVE REGULAR SESSION**

April 24, 2007

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** HB1498 by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds. ), **Committee Report 1st House, Substituted**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill creates the Panola County Groundwater Conservation District (District) in Panola County with the powers and duties of Water Code, Chapter 36 related to general law for groundwater conservation districts (GCDs). The purpose of the District is to benefit property by providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and to control subsidence caused by the withdrawal of groundwater under powers conferred by Article XVI, Section 59 of the Texas Constitution. Creation of the District is subject to a confirmation election.

- 1) **Population** - The total 2000 Census population of Panola County was 22,756. The total population is projected to increase to 24,402 by 2020.
- 2) **Location** - The proposed district is located within Panola County.
- 3) **Comments on Powers/Duties Different from Similar Types of Districts** - Unlike general law GCDs, the bill provides that the District has county-appointed temporary directors to represent varied water user groups and then be governed by nine directors elected by the commissioners precinct method. Directors may not receive fees of office that exceed \$50 a day or \$3,000 a year. The District may not purchase, sell, transport or distribute surface water or groundwater for any purpose, or exercise the power of eminent domain. The District is subject to more stringent requirements for cooperation with other GCDs within the same groundwater management area. The District's initial well production fees may not exceed \$0.25 per acre-foot of water used for agricultural irrigation and \$0.0675 per 1,000 gallons for water used for any other purposes and the fees may be increased at a cumulative rate not to exceed three percent per year. The District may not levy a tax that exceeds \$0.015 per \$100 assessed valuation and may not exceed bond or note indebtedness of \$500,000. The District would be dissolved on December 31, 2008, if it is not confirmed by this date, and temporary provisions in Chapter 8819, Subchapter A-1 would expire on September 1, 2012.
- 4) **Overlapping Services** - There are no other GCDs in Panola County. GCD functions do not conflict with services provided by other types of water districts or utilities.
- 5) **TCEQ's Supervision** - As with general law GCDs, the TCEQ will have general supervisory authority, including bond review authority and authority as it is related to the District's development and implementation of a management plan; the District would not have to comply with TCEQ financial auditing requirements.

**6) Water Use** - In 2004, 36 percent of the total water use in Panola County was for livestock, with 35 percent for municipal use and 20 percent for mining. Fifty-nine percent of the total water use (and 80 percent of the livestock water use) is from groundwater sources.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board

**LBB Staff:** JOB, DB

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**80TH LEGISLATIVE REGULAR SESSION**

**March 20, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.), **As Introduced**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill creates the Panola County Groundwater Conservation District (District) in Panola County with the powers and duties of Water Code, Chapter 36 related to general law for groundwater conservation districts (GCDs). The purpose of the District is to benefit property by providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and to control subsidence caused by the withdrawal of groundwater under powers conferred by Article XVI, Section 59 of the Texas Constitution. Creation of the District is subject to a confirmation election.

- 1) **Population-** The total 2000 Census population of Panola County was 22,756. The total population is projected to increase to 24,402 by 2020.
- 2) **Location** – The proposed district is located within Panola County.
- 3) **Comments on Powers/Duties Different from Similar Types of Districts** – Unlike general law GCDs, the bill provides that the District has county-appointed temporary directors to represent varied water user groups and then be governed by nine directors elected by the commissioners precinct method. Directors may not receive fees of office that exceed \$50 a day or \$3,000 a year. The District may not purchase, sell, transport or distribute surface water or groundwater for any purpose; may not exercise the power of eminent domain; and, may meter wells only if water is exported out of the District or there is suspected excessive use, pollution, or well interference cases. The District is subject to more stringent requirements for cooperation with other GCDs within the same groundwater management area. The District's initial well production fees may not exceed \$0.25 per acre-foot of water used for agricultural irrigation and \$0.0675 per 1,000 gallons for water used for any other purposes and the fees may be increased at a cumulative rate not to exceed three percent per year. The District may not levy a tax that exceeds \$0.015 per \$100 assessed valuation and may not exceed bond or note indebtedness of \$500,000. The District would be dissolved on December 31, 2008, if it is not confirmed by this date, and temporary provisions in Chapter 8819, Subchapter A-1 would expire on September 1, 2012.
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**6) Water Use** – In 2004, 36 percent of the total water use in Panola County was for livestock, with 35 percent for municipal use and 20 percent for mining. 59 percent of the total water use (and 80 percent of the livestock water use) is from groundwater sources.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board  
**LBB Staff:** JOB, WK

Kathleen Hartnett White, *Chairman*  
Larry R. Soward, *Commissioner*  
Glenn Shankle, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

The Honorable Tom Craddick  
Texas House of Representatives  
Capitol Station  
PO Box 2910  
Austin, Texas 78768-2910

Re: Responsibility of the Texas Commission on Environmental Quality (TCEQ) Pursuant to Article XVI, Section 59(d), Texas Constitution

HB 1498, as Filed by Representative Charles L. "Chuck" Hopson - Relating to the Creation of the Panola County Groundwater Conservation District

Dear Speaker Craddick:

The following comments are provided pursuant to the Constitutional requirements referenced above. Under those requirements, the TCEQ must submit, to the Governor, Lieutenant Governor and Speaker of the House of Representatives, the TCEQ's recommendations on specific legislation affecting water districts. We recommend that these comments be considered in the evaluation of the proposed legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. Cowan".

Michael D. Cowan, Director  
Water Supply Division

cc: The Honorable Robert Puente, Chairman, House Natural Resources Committee  
The Honorable Charles L. "Chuck" Hopson, Texas House of Representatives

Enclosure

10



**HB 1498 by Representative Charles L. "Chuck" Hopson**

The bill creates the Panola County Groundwater Conservation District (District) in Panola County with the powers and duties of Water Code, Chapter 36 related to general law for groundwater conservation districts (GCDs). The purpose of the District is to benefit property by providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and to control subsidence caused by the withdrawal of groundwater under powers conferred by Article XVI, Section 59 of the Texas Constitution. Creation of the District is subject to confirmation election by the voters.

**Comments on Powers/Duties Different from Similar Types of Districts** – Unlike general law GCDs, the bill provides that the District has county-appointed temporary directors to represent varied water user groups and then be governed by nine directors elected by the commissioners precinct method. Directors may not receive fees of office that exceed \$50 a day or \$3,000 a year. The District may not purchase, sell, transport or distribute surface water or groundwater for any purpose; may not exercise the power of eminent domain; and, may meter wells only if water is exported out of the District or there is suspected excessive use, pollution, or well interference cases. The District is subject to more stringent requirements for cooperation with other GCDs within the same groundwater management area. The District's initial well production fees may not exceed \$0.25 per acre-foot of water used for agricultural irrigation and \$0.0675 per 1,000 gallons for water used for any other purposes and the fees may be increased at a cumulative rate not to exceed three percent per year. The District may not levy a tax that exceeds \$0.015 per \$100 assessed valuation and may not exceed bond or note indebtedness of \$500,000.

The District would be dissolved on December 31, 2008, if it is not confirmed by that date, and temporary provisions in Chapter 8819, Subchapter A-1 would expire on September 1, 2012.

**Overlapping Services** – There are no other GCDs in Panola County. GCD functions do not conflict with services provided by other types of water districts or utilities.

**TCEQ's Supervision** – As with general law GCDs, the TCEQ will have general supervisory authority, including bond review authority and authority as it is related to the District's development and implementation of a management plan; the District would not have to comply with TCEQ financial auditing requirements.

## BUSINESS LISTINGS

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Lavine, Matthew McPherron, Anand More, Kristin Mugford, James Nahirny, Benjamin Nye, William Pappendick, IV, Michel Plantevin, Dwight Poler, Peter Riehl, Douglas Rudisch, Walid Sarkis, Jeffrey Schwartz, Junichi Shiroshta, Yuji Sugimoto and Jonathan Zhu.  
Thomas H. Lee Equity Fund VI, L.P. is controlled by THL Equity Advisors VI, LLC, which is, in turn, controlled by Thomas H. Lee Partners, L.P. Thomas H. Lee Advisors, LLC is the General Partner of Thomas H. Lee Partners, L.P. Scott Schoen, Anthony DiNovi, and Scott Sperling are limited partners of Thomas H. Lee Partners, L.P. and Managing Directors. Co-Presidents, and members of Thomas H. Lee Advisors, LLC. Thomas Hagerty, Seth Lawry, Kent Weldon, Todd Abbrecht, Charles Brizius, Scott Jaekel, and Soren Oberg are limited partners of Thomas H. Lee Partners, L.P. and Managing Directors and members of Thomas H. Lee Advisors, LLC. George Taylor, Richard Bressler, Gregory White, Joshua Nelson, Jeff Swenson, Ganesh Rao, James Carlisle, Joseph Pesce, Charles Holden, Joshua Bresler, Jeremy Tan, Warren Smith, Jr., Thomas H. Lee, David Harkins, Hunter Boll, Terrence Mullen and

Issued and given under my hand and the seal of said Court at office, this the 11th day of December, 2006.

(SEAL)

Sandra King, District Clerk  
District Court  
Panola County, Texas  
By Sherry Tribbey, Deputy  
Room 227, Courthouse  
Carthage, Texas 75633

### CORRECTIVE LEGAL

Auction to satisfy landlord's lien will be held Tuesday, January 23, 2007 at Panola Self Storage, 310 South Adams Street, Carthage, Texas 75633.  
Victor B. Doris: Coolers, tools, household goods.  
Auction at 10:00 a.m. May be viewed at 9:45 a.m. day of sale.

### NOTICE OF INTENT TO APPLY FOR PASSAGE OF A LOCAL BILL

A bill to create the Panola County Groundwater Conservation District will be submitted 30 days from this notice in the 80th Texas Legislature.

### MISCELLANEOUS

**BARBED WIRE FENCES:** Call Pedro de Julian 903-690-0228; 903-754-9827. Superior Fencing. 1-24-07

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### LIVESTOCK



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10- Brangus Bulls

They have had all shots, wormed and ear tagged.

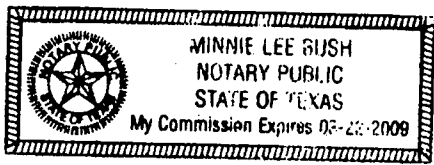
**903-622-4909 903-694-5763**

**J. T. Gates**

1-1007

THE STATE OF TEXAS, }  
COUNTY OF PANOLA: }

Before me, the undersigned authority, a Notary Public in and for Panola County, Texas, this day personally appeared ..... Bill Holder .....  
who, after being by me duly sworn, deposes and says on oath that he is the . Publisher ..... of THE . PANOLA . WATCHMAN a weekly newspaper published in Carthage, Panola County, Texas, and that the attached Notice of Publication was published in its issue of ..... January. 10. . 2007 .....  
and ..... XXXXXXXX ..... and ..... XXXXXXXX .....  
and ..... XXXXXXXX ..... and that the charges therefor at the Rate of . 30¢/word cents per word for the first insertion and ... cents per word for each subsequent insertion total \$. 10. 50



*Bill Holder* .....  
SWORN and Subscribed to before me, this the 10th day of ..... January ..... A.D. 20. 07. ....  
*Minnie Lee Gush* .....  
Notary Public, Panola County, Texas

ADOPTED

MAY 02 2007

Robert Haney  
Chief Clerk  
House of Representatives

Chuck Hopson

By: \_\_\_\_\_

H.B. No. 1498

Substitute the following for H.B. No. 1498:

By: Poente

C.S. H.B. No. 1498

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8819 to read as follows:

CHAPTER 8819. PANOLA COUNTY GROUNDWATER

CONSERVATION DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8819.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Director" means a member of the board.

(3) "District" means the Panola County Groundwater Conservation District.

Sec. 8819.002. NATURE OF DISTRICT. The district is a groundwater conservation district in Panola County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8819.003. CONFIRMATION ELECTION REQUIRED. If the creation of the district is not confirmed at a confirmation election held on or before December 31, 2008, the district is dissolved on that date, except that:

1           (1) any debts incurred shall be paid;  
2           (2) any assets that remain after the payment of debts  
3 shall be transferred to Panola County; and  
4           (3) the organization of the district shall be  
5 maintained until all debts are paid and remaining assets are  
6 transferred.

7           Sec. 8819.004. INITIAL DISTRICT TERRITORY. The initial  
8 boundaries of the district are coextensive with the boundaries of  
9 Panola County, Texas.

10           Sec. 8819.005. APPLICABILITY OF OTHER GROUNDWATER  
11 CONSERVATION DISTRICT LAW. Except as otherwise provided by this  
12 chapter, Chapter 36, Water Code, applies to the district.

13           [Sections 8819.006-8819.020 reserved for expansion]

14           SUBCHAPTER A-1. TEMPORARY PROVISIONS

15           Sec. 8819.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a)  
16 Not later than the 45th day after the effective date of this  
17 chapter, nine temporary directors shall be appointed as follows:

18           (1) the Panola County Commissioners Court shall  
19 appoint eight temporary directors, with two of the temporary  
20 directors appointed from each of the four commissioners precincts  
21 in the county to represent the precincts in which the temporary  
22 directors reside; and

23           (2) the county judge of Panola County shall appoint  
24 one temporary director who resides in the district to represent the  
25 district at large.

26           (b) Of the temporary directors, at least one director must  
27 represent rural water suppliers in the district, one must represent

1 agricultural interests in the district, and one must represent  
2 industrial interests in the district.

3 (c) If there is a vacancy on the temporary board of  
4 directors of the district, the Panola County Commissioners Court  
5 shall appoint a person to fill the vacancy in a manner that meets  
6 the representational requirements of this section.

7 (d) Temporary directors serve until the earlier of:

8 (1) the election of initial directors under Section  
9 8819.023; or

10 (2) the date this subchapter expires under Section  
11 8819.026.

12 Sec. 8819.022. ORGANIZATIONAL MEETING OF TEMPORARY  
13 DIRECTORS. As soon as practicable after all the temporary  
14 directors have qualified under Section 36.055, Water Code, a  
15 majority of the temporary directors shall convene the  
16 organizational meeting of the district at a location within the  
17 district agreeable to a majority of the directors. If an agreement  
18 on location cannot be reached, the organizational meeting shall be  
19 at the Panola County Courthouse.

20 Sec. 8819.023. CONFIRMATION AND INITIAL DIRECTORS'  
21 ELECTION. (a) The temporary directors shall hold an election to  
22 confirm the creation of the district and to elect the initial  
23 directors of the district.

24 (b) The temporary directors shall have placed on the ballot  
25 the names of all candidates for an initial director's position who  
26 have filed an application for a place on the ballot as provided by  
27 Section 52.003, Election Code.

1       (c) The ballot must be printed to provide for voting for or  
2 against the proposition: "The creation of the Panola County  
3 Groundwater Conservation District."

4       (d) If the district levies a maintenance tax for payment of  
5 expenses, the ballot must be printed to provide for voting for or  
6 against the proposition: "The levy of a maintenance tax at a rate  
7 not to exceed \_\_\_\_\_ cents for each \$100 of assessed valuation."

8       (e) Section 41.001(a), Election Code, does not apply to an  
9 election held under this section.

10       (f) Except as provided by this section, an election under  
11 this section must be conducted as provided by Sections  
12 36.017(b)-(i), Water Code, and the Election Code. The provision of  
13 Section 36.017(d), Water Code, relating to the election of  
14 permanent directors does not apply to an election under this  
15 section.

16       Sec. 8819.024. INITIAL DIRECTORS. (a) If creation of the  
17 district is confirmed at an election held under Section 8819.023,  
18 the initial directors of the district serve on the board of  
19 directors until permanent directors are elected under Section  
20 8819.025 or 8819.053.

21       (b) The two initial directors representing each of the four  
22 commissioners precincts shall draw lots to determine which of the  
23 two directors shall serve a term expiring June 1 following the first  
24 regularly scheduled election of directors under Section 8819.025,  
25 and which of the two directors shall serve a term expiring June 1  
26 following the second regularly scheduled election of directors.  
27 The at-large director shall serve a term expiring June 1 following

1 the second regularly scheduled election of directors.

2 Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On  
3 the uniform election date prescribed by Section 41.001, Election  
4 Code, in May of the first even-numbered year after the year in which  
5 the district is authorized to be created at a confirmation  
6 election, an election shall be held in the district for the election  
7 of four directors to replace the initial directors who, under  
8 Section 8819.024(b), serve a term expiring June 1 following that  
9 election.

10 Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter  
11 expires September 1, 2012.

12 [Sections 8819.027-8819.050 reserved for expansion]

13 SUBCHAPTER B. BOARD OF DIRECTORS

14 Sec. 8819.051. DIRECTORS; TERMS. (a) The district is  
15 governed by a board of nine directors.

16 (b) Directors serve staggered four-year terms, with four or  
17 five directors' terms expiring June 1 of each even-numbered year.

18 (c) A director may serve consecutive terms.

19 Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS  
20 PRECINCTS. (a) The directors of the district shall be elected  
21 according to the commissioners precinct method as provided by this  
22 section.

23 (b) One director shall be elected by the voters of the  
24 entire district, and two directors shall be elected from each  
25 county commissioners precinct by the voters of that precinct.

26 (c) Except as provided by Subsection (e), to be eligible to  
27 be a candidate for or to serve as director at large, a person must be



1 a registered voter in the district. To be a candidate for or to  
2 serve as director from a county commissioners precinct, a person  
3 must be a registered voter of that precinct.

4 (d) A person shall indicate on the application for a place  
5 on the ballot:

6 (1) the precinct that the person seeks to represent;  
7 or

8 (2) that the person seeks to represent the district at  
9 large.

10 (e) When the boundaries of the county commissioners  
11 precincts are redrawn after each federal decennial census to  
12 reflect population changes, a director in office on the effective  
13 date of the change, or a director elected or appointed before the  
14 effective date of the change whose term of office begins on or after  
15 the effective date of the change, shall serve in the precinct to  
16 which elected or appointed even though the change in boundaries  
17 places the person's residence outside the precinct for which the  
18 person was elected or appointed.

19 Sec. 8819.053. ELECTION DATE. The district shall hold an  
20 election to elect the appropriate number of directors on the  
21 uniform election date prescribed by Section 41.001, Election Code,  
22 in May of each even-numbered year.

23 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
24 and (d), Water Code, do not apply to the district.

25 (b) A director is entitled to receive compensation of not  
26 more than \$50 a day for each day the director actually spends  
27 performing the duties of a director. The compensation may not

1 exceed \$3,000 a year.

2 (c) The board may authorize a director to receive  
3 reimbursement for the director's reasonable expenses incurred  
4 while engaging in activities on behalf of the board.

5 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
6 required for board action. If there is a tie vote, the proposed  
7 action fails.

8 [Sections 8819.056-8819.100 reserved for expansion]

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
11 provided by this chapter, the district has all of the rights,  
12 powers, privileges, functions, and duties provided by the general  
13 law of this state applicable to groundwater conservation districts  
14 created under Section 59, Article XVI, Texas Constitution.

15 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
16 JURISDICTION. (a) Except as provided by this section, a  
17 groundwater well drilled or operated within the district under a  
18 permit issued by the Railroad Commission of Texas is under the  
19 jurisdiction of the railroad commission, and, in respect to such a  
20 well, the district has only the authority provided by Chapter 36,  
21 Water Code.

22 (b) Groundwater produced in an amount authorized by a  
23 railroad commission permit may be used within or exported from the  
24 district without a permit from the district.

25 (c) To the extent groundwater is produced in excess of  
26 railroad commission authorization, the holder of the railroad  
27 commission permit:

1           (1) shall apply to the district for the appropriate  
2 permit for the excess production; and

3           (2) is subject to the applicable regulatory fees.

4           Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
5 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
6 purchase, sell, transport, or distribute surface water or  
7 groundwater for any purpose.

8           Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
9 DOMAIN POWERS. The district may not exercise the power of eminent  
10 domain.

11           Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
12 "designated groundwater management area" means an area designated  
13 as a groundwater management area under Section 35.004, Water Code.

14           (b) To provide for regional continuity, the district shall  
15 comply with the requirements of Section 36.108, Water Code, and:

16           (1) participate as needed in coordination meetings  
17 with other groundwater conservation districts in its designated  
18 groundwater management area;

19           (2) coordinate the collection of data with other  
20 groundwater conservation districts in its designated groundwater  
21 management area in such a way as to achieve relative uniformity of  
22 data type and quality;

23           (3) coordinate efforts to monitor water quality with  
24 other groundwater conservation districts in its designated  
25 groundwater management area, local governments, and state  
26 agencies;

27           (4) provide groundwater level data to other

1 groundwater conservation districts in its designated groundwater  
2 management area;

3 (5) investigate any groundwater or aquifer pollution  
4 with the intention of locating its source;

5 (6) notify other groundwater conservation districts  
6 in its designated groundwater management area and all appropriate  
7 agencies of any groundwater pollution detected;

8 (7) annually provide to other groundwater  
9 conservation districts in its designated groundwater management  
10 area an inventory of water wells and an estimate of groundwater  
11 production in the district; and

12 (8) include other groundwater conservation districts  
13 in its designated groundwater management area on the mailing lists  
14 for district newsletters, seminars, public education events, news  
15 articles, and field days.

16 [Sections 8819.106-8819.150 reserved for expansion]

17 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

18 Sec. 8819.151. LIMITATION ON TAXES. The district may not  
19 impose ad valorem taxes at a rate that exceeds 1.5 cents on each  
20 \$100 valuation of taxable property in the district.

21 Sec. 8819.152. FEES. (a) The board by rule may impose  
22 reasonable fees on each well:

23 (1) for which a permit is issued by the district; and

24 (2) that is not exempt from district regulation.

25 (b) A production fee may be based on:

26 (1) the size of column pipe used by the well; or

27 (2) the amount of water actually withdrawn from the

1 well, or the amount authorized or anticipated to be withdrawn.

2 (c) The board shall base the initial production fee on the  
3 criteria listed in Subsection (b)(2). The initial production fee:

4 (1) may not exceed:

5 (A) 25 cents per acre-foot for water used for  
6 agricultural irrigation; or

7 (B) 6.75 cents per thousand gallons for water  
8 used for any other purpose; and

9 (2) may be increased at a cumulative rate not to exceed  
10 three percent per year.

11 (d) In addition to the production fee authorized under this  
12 section, the district may assess an export fee on groundwater from a  
13 well that is produced for transport outside the district.

14 (e) Fees authorized by this section may be:

15 (1) assessed annually;

16 (2) used to pay the cost of district operations; and

17 (3) used for any other purpose allowed under Chapter  
18 36, Water Code.

19 Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
20 may issue bonds and notes under Subchapter F, Chapter 36, Water  
21 Code, except that the total indebtedness created by that issuance  
22 may not exceed \$500,000 at any time.

23 SECTION 2. (a) The legal notice of the intention to  
24 introduce this Act, setting forth the general substance of this  
25 Act, has been published as provided by law, and the notice and a  
26 copy of this Act have been furnished to all persons, agencies,  
27 officials, or entities to which they are required to be furnished

1 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
2 Government Code.

3 (b) The governor has submitted the notice and Act to the  
4 Texas Commission on Environmental Quality.

5 (c) The Texas Commission on Environmental Quality has filed  
6 its recommendations relating to this Act with the governor,  
7 lieutenant governor, and speaker of the house of representatives  
8 within the required time.

9 (d) All requirements of the constitution and laws of this  
10 state and the rules and procedures of the legislature with respect  
11 to the notice, introduction, and passage of this Act are fulfilled  
12 and accomplished.

13 SECTION 3. This Act takes effect immediately if it receives  
14 a vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for immediate effect, this  
17 Act takes effect September 1, 2007.

# HOUSE ENGROSSMENT

By: Hopson

H.B. No. 1498

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8819 to read as follows:

CHAPTER 8819. PANOLA COUNTY GROUNDWATER

CONSERVATION DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8819.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Director" means a member of the board.

(3) "District" means the Panola County Groundwater Conservation District.

Sec. 8819.002. NATURE OF DISTRICT. The district is a groundwater conservation district in Panola County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8819.003. CONFIRMATION ELECTION REQUIRED. If the creation of the district is not confirmed at a confirmation election held on or before December 31, 2008, the district is dissolved on that date, except that:

1           (1) any debts incurred shall be paid;

2           (2) any assets that remain after the payment of debts  
3 shall be transferred to Panola County; and

4           (3) the organization of the district shall be  
5 maintained until all debts are paid and remaining assets are  
6 transferred.

7           Sec. 8819.004. INITIAL DISTRICT TERRITORY. The initial  
8 boundaries of the district are coextensive with the boundaries of  
9 Panola County, Texas.

10          Sec. 8819.005. APPLICABILITY OF OTHER GROUNDWATER  
11 CONSERVATION DISTRICT LAW. Except as otherwise provided by this  
12 chapter, Chapter 36, Water Code, applies to the district.

13           [Sections 8819.006-8819.020 reserved for expansion]

14                   SUBCHAPTER A-1. TEMPORARY PROVISIONS

15          Sec. 8819.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a)  
16 Not later than the 45th day after the effective date of this  
17 chapter, nine temporary directors shall be appointed as follows:

18           (1) the Panola County Commissioners Court shall  
19 appoint eight temporary directors, with two of the temporary  
20 directors appointed from each of the four commissioners precincts  
21 in the county to represent the precincts in which the temporary  
22 directors reside; and

23           (2) the county judge of Panola County shall appoint  
24 one temporary director who resides in the district to represent the  
25 district at large.

26          (b) Of the temporary directors, at least one director must  
27 represent rural water suppliers in the district, one must represent



1 agricultural interests in the district, and one must represent  
2 industrial interests in the district.

3 (c) If there is a vacancy on the temporary board of  
4 directors of the district, the Panola County Commissioners Court  
5 shall appoint a person to fill the vacancy in a manner that meets  
6 the representational requirements of this section.

7 (d) Temporary directors serve until the earlier of:

8 (1) the election of initial directors under Section  
9 8819.023; or

10 (2) the date this subchapter expires under Section  
11 8819.026.

12 Sec. 8819.022. ORGANIZATIONAL MEETING OF TEMPORARY  
13 DIRECTORS. As soon as practicable after all the temporary  
14 directors have qualified under Section 36.055, Water Code, a  
15 majority of the temporary directors shall convene the  
16 organizational meeting of the district at a location within the  
17 district agreeable to a majority of the directors. If an agreement  
18 on location cannot be reached, the organizational meeting shall be  
19 at the Panola County Courthouse.

20 Sec. 8819.023. CONFIRMATION AND INITIAL DIRECTORS'  
21 ELECTION. (a) The temporary directors shall hold an election to  
22 confirm the creation of the district and to elect the initial  
23 directors of the district.

24 (b) The temporary directors shall have placed on the ballot  
25 the names of all candidates for an initial director's position who  
26 have filed an application for a place on the ballot as provided by  
27 Section 52.003, Election Code.

1        (c) The ballot must be printed to provide for voting for or  
2 against the proposition: "The creation of the Panola County  
3 Groundwater Conservation District."

4        (d) If the district levies a maintenance tax for payment of  
5 expenses, the ballot must be printed to provide for voting for or  
6 against the proposition: "The levy of a maintenance tax at a rate  
7 not to exceed \_\_\_\_ cents for each \$100 of assessed valuation."

8        (e) Section 41.001(a), Election Code, does not apply to an  
9 election held under this section.

10       (f) Except as provided by this section, an election under  
11 this section must be conducted as provided by Sections  
12 36.017(b)-(i), Water Code, and the Election Code. The provision of  
13 Section 36.017(d), Water Code, relating to the election of  
14 permanent directors does not apply to an election under this  
15 section.

16       Sec. 8819.024. INITIAL DIRECTORS. (a) If creation of the  
17 district is confirmed at an election held under Section 8819.023,  
18 the initial directors of the district serve on the board of  
19 directors until permanent directors are elected under Section  
20 8819.025 or 8819.053.

21       (b) The two initial directors representing each of the four  
22 commissioners precincts shall draw lots to determine which of the  
23 two directors shall serve a term expiring June 1 following the first  
24 regularly scheduled election of directors under Section 8819.025,  
25 and which of the two directors shall serve a term expiring June 1  
26 following the second regularly scheduled election of directors.  
27 The at-large director shall serve a term expiring June 1 following

1 the second regularly scheduled election of directors.

2 Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On  
3 the uniform election date prescribed by Section 41.001, Election  
4 Code, in May of the first even-numbered year after the year in which  
5 the district is authorized to be created at a confirmation  
6 election, an election shall be held in the district for the election  
7 of four directors to replace the initial directors who, under  
8 Section 8819.024(b), serve a term expiring June 1 following that  
9 election.

10 Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter  
11 expires September 1, 2012.

12 [Sections 8819.027-8819.050 reserved for expansion]

13 SUBCHAPTER B. BOARD OF DIRECTORS

14 Sec. 8819.051. DIRECTORS; TERMS. (a) The district is  
15 governed by a board of nine directors.

16 (b) Directors serve staggered four-year terms, with four or  
17 five directors' terms expiring June 1 of each even-numbered year.

18 (c) A director may serve consecutive terms.

19 Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS  
20 PRECINCTS. (a) The directors of the district shall be elected  
21 according to the commissioners precinct method as provided by this  
22 section.

23 (b) One director shall be elected by the voters of the  
24 entire district, and two directors shall be elected from each  
25 county commissioners precinct by the voters of that precinct.

26 (c) Except as provided by Subsection (e), to be eligible to  
27 be a candidate for or to serve as director at large, a person must be

1 a registered voter in the district. To be a candidate for or to  
2 serve as director from a county commissioners precinct, a person  
3 must be a registered voter of that precinct.

4 (d) A person shall indicate on the application for a place  
5 on the ballot:

6 (1) the precinct that the person seeks to represent;

7 or

8 (2) that the person seeks to represent the district at  
9 large.

10 (e) When the boundaries of the county commissioners  
11 precincts are redrawn after each federal decennial census to  
12 reflect population changes, a director in office on the effective  
13 date of the change, or a director elected or appointed before the  
14 effective date of the change whose term of office begins on or after  
15 the effective date of the change, shall serve in the precinct to  
16 which elected or appointed even though the change in boundaries  
17 places the person's residence outside the precinct for which the  
18 person was elected or appointed.

19 Sec. 8819.053. ELECTION DATE. The district shall hold an  
20 election to elect the appropriate number of directors on the  
21 uniform election date prescribed by Section 41.001, Election Code,  
22 in May of each even-numbered year.

23 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
24 and (d), Water Code, do not apply to the district.

25 (b) A director is entitled to receive compensation of not  
26 more than \$50 a day for each day the director actually spends  
27 performing the duties of a director. The compensation may not

1 exceed \$3,000 a year.

2 (c) The board may authorize a director to receive  
3 reimbursement for the director's reasonable expenses incurred  
4 while engaging in activities on behalf of the board.

5 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
6 required for board action. If there is a tie vote, the proposed  
7 action fails.

8 [Sections 8819.056-8819.100 reserved for expansion]

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
11 provided by this chapter, the district has all of the rights,  
12 powers, privileges, functions, and duties provided by the general  
13 law of this state applicable to groundwater conservation districts  
14 created under Section 59, Article XVI, Texas Constitution.

15 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
16 JURISDICTION. (a) Except as provided by this section, a  
17 groundwater well drilled or operated within the district under a  
18 permit issued by the Railroad Commission of Texas is under the  
19 jurisdiction of the railroad commission, and, in respect to such a  
20 well, the district has only the authority provided by Chapter 36,  
21 Water Code.

22 (b) Groundwater produced in an amount authorized by a  
23 railroad commission permit may be used within or exported from the  
24 district without a permit from the district.

25 (c) To the extent groundwater is produced in excess of  
26 railroad commission authorization, the holder of the railroad  
27 commission permit:

1           (1) shall apply to the district for the appropriate  
2 permit for the excess production; and

3           (2) is subject to the applicable regulatory fees.

4           Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
5 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
6 purchase, sell, transport, or distribute surface water or  
7 groundwater for any purpose.

8           Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
9 DOMAIN POWERS. The district may not exercise the power of eminent  
10 domain.

11           Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
12 "designated groundwater management area" means an area designated  
13 as a groundwater management area under Section 35.004, Water Code.

14           (b) To provide for regional continuity, the district shall  
15 comply with the requirements of Section 36.108, Water Code, and:

16           (1) participate as needed in coordination meetings  
17 with other groundwater conservation districts in its designated  
18 groundwater management area;

19           (2) coordinate the collection of data with other  
20 groundwater conservation districts in its designated groundwater  
21 management area in such a way as to achieve relative uniformity of  
22 data type and quality;

23           (3) coordinate efforts to monitor water quality with  
24 other groundwater conservation districts in its designated  
25 groundwater management area, local governments, and state  
26 agencies;

27           (4) provide groundwater level data to other

1 groundwater conservation districts in its designated groundwater  
2 management area;

3 (5) investigate any groundwater or aquifer pollution  
4 with the intention of locating its source;

5 (6) notify other groundwater conservation districts  
6 in its designated groundwater management area and all appropriate  
7 agencies of any groundwater pollution detected;

8 (7) annually provide to other groundwater  
9 conservation districts in its designated groundwater management  
10 area an inventory of water wells and an estimate of groundwater  
11 production in the district; and

12 (8) include other groundwater conservation districts  
13 in its designated groundwater management area on the mailing lists  
14 for district newsletters, seminars, public education events, news  
15 articles, and field days.

16 [Sections 8819.106-8819.150 reserved for expansion]

17 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

18 Sec. 8819.151. LIMITATION ON TAXES. The district may not  
19 impose ad valorem taxes at a rate that exceeds 1.5 cents on each  
20 \$100 valuation of taxable property in the district.

21 Sec. 8819.152. FEES. (a) The board by rule may impose  
22 reasonable fees on each well:

23 (1) for which a permit is issued by the district; and

24 (2) that is not exempt from district regulation.

25 (b) A production fee may be based on:

26 (1) the size of column pipe used by the well; or

27 (2) the amount of water actually withdrawn from the

1 well, or the amount authorized or anticipated to be withdrawn.

2 (c) The board shall base the initial production fee on the  
3 criteria listed in Subsection (b)(2). The initial production fee:

4 (1) may not exceed:

5 (A) 25 cents per acre-foot for water used for  
6 agricultural irrigation; or

7 (B) 6.75 cents per thousand gallons for water  
8 used for any other purpose; and

9 (2) may be increased at a cumulative rate not to exceed  
10 three percent per year.

11 (d) In addition to the production fee authorized under this  
12 section, the district may assess an export fee on groundwater from a  
13 well that is produced for transport outside the district.

14 (e) Fees authorized by this section may be:

15 (1) assessed annually;

16 (2) used to pay the cost of district operations; and

17 (3) used for any other purpose allowed under Chapter  
18 36, Water Code.

19 Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
20 may issue bonds and notes under Subchapter F, Chapter 36, Water  
21 Code, except that the total indebtedness created by that issuance  
22 may not exceed \$500,000 at any time.

23 SECTION 2. (a) The legal notice of the intention to  
24 introduce this Act, setting forth the general substance of this  
25 Act, has been published as provided by law, and the notice and a  
26 copy of this Act have been furnished to all persons, agencies,  
27 officials, or entities to which they are required to be furnished



1 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
2 Government Code.

3 (b) The governor has submitted the notice and Act to the  
4 Texas Commission on Environmental Quality.

5 (c) The Texas Commission on Environmental Quality has filed  
6 its recommendations relating to this Act with the governor,  
7 lieutenant governor, and speaker of the house of representatives  
8 within the required time.

9 (d) All requirements of the constitution and laws of this  
10 state and the rules and procedures of the legislature with respect  
11 to the notice, introduction, and passage of this Act are fulfilled  
12 and accomplished.

13 SECTION 3. This Act takes effect immediately if it receives  
14 a vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for immediate effect, this  
17 Act takes effect September 1, 2007.

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 21, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** HB1498 by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds. ), **Committee Report 1st House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
---

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 19, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.), **As Introduced**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**80TH LEGISLATIVE REGULAR SESSION**

**April 24, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds. ), **Committee Report 1st House, Substituted**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill creates the Panola County Groundwater Conservation District (District) in Panola County with the powers and duties of Water Code, Chapter 36 related to general law for groundwater conservation districts (GCDs). The purpose of the District is to benefit property by providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and to control subsidence caused by the withdrawal of groundwater under powers conferred by Article XVI, Section 59 of the Texas Constitution. Creation of the District is subject to a confirmation election.

- 1) **Population** - The total 2000 Census population of Panola County was 22,756. The total population is projected to increase to 24,402 by 2020.
- 2) **Location** - The proposed district is located within Panola County.
- 3) **Comments on Powers/Duties Different from Similar Types of Districts** - Unlike general law GCDs, the bill provides that the District has county-appointed temporary directors to represent varied water user groups and then be governed by nine directors elected by the commissioners precinct method. Directors may not receive fees of office that exceed \$50 a day or \$3,000 a year. The District may not purchase, sell, transport or distribute surface water or groundwater for any purpose, or exercise the power of eminent domain. The District is subject to more stringent requirements for cooperation with other GCDs within the same groundwater management area. The District's initial well production fees may not exceed \$0.25 per acre-foot of water used for agricultural irrigation and \$0.0675 per 1,000 gallons for water used for any other purposes and the fees may be increased at a cumulative rate not to exceed three percent per year. The District may not levy a tax that exceeds \$0.015 per \$100 assessed valuation and may not exceed bond or note indebtedness of \$500,000. The District would be dissolved on December 31, 2008, if it is not confirmed by this date, and temporary provisions in Chapter 8819, Subchapter A-1 would expire on September 1, 2012.
- 4) **Overlapping Services** - There are no other GCDs in Panola County. GCD functions do not conflict with services provided by other types of water districts or utilities.
- 5) **TCEQ's Supervision** - As with general law GCDs, the TCEQ will have general supervisory authority, including bond review authority and authority as it is related to the District's development and implementation of a management plan; the District would not have to comply with TCEQ financial auditing requirements.

**6) Water Use** - In 2004, 36 percent of the total water use in Panola County was for livestock, with 35 percent for municipal use and 20 percent for mining. Fifty-nine percent of the total water use (and 80 percent of the livestock water use) is from groundwater sources.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board

**LBB Staff:** JOB, DB

**LEGISLATIVE BUDGET BOARD**

Austin, Texas

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**80TH LEGISLATIVE REGULAR SESSION**

**March 20, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.), **As Introduced**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill creates the Panola County Groundwater Conservation District (District) in Panola County with the powers and duties of Water Code, Chapter 36 related to general law for groundwater conservation districts (GCDs). The purpose of the District is to benefit property by providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and to control subsidence caused by the withdrawal of groundwater under powers conferred by Article XVI, Section 59 of the Texas Constitution. Creation of the District is subject to a confirmation election.

- 1) **Population-** The total 2000 Census population of Panola County was 22,756. The total population is projected to increase to 24,402 by 2020.
- 2) **Location** – The proposed district is located within Panola County.
- 3) **Comments on Powers/Duties Different from Similar Types of Districts** – Unlike general law GCDs, the bill provides that the District has county-appointed temporary directors to represent varied water user groups and then be governed by nine directors elected by the commissioners precinct method. Directors may not receive fees of office that exceed \$50 a day or \$3,000 a year. The District may not purchase, sell, transport or distribute surface water or groundwater for any purpose; may not exercise the power of eminent domain; and, may meter wells only if water is exported out of the District or there is suspected excessive use, pollution, or well interference cases. The District is subject to more stringent requirements for cooperation with other GCDs within the same groundwater management area. The District's initial well production fees may not exceed \$0.25 per acre-foot of water used for agricultural irrigation and \$0.0675 per 1,000 gallons for water used for any other purposes and the fees may be increased at a cumulative rate not to exceed three percent per year. The District may not levy a tax that exceeds \$0.015 per \$100 assessed valuation and may not exceed bond or note indebtedness of \$500,000. The District would be dissolved on December 31, 2008, if it is not confirmed by this date, and temporary provisions in Chapter 8819, Subchapter A-1 would expire on September 1, 2012.
- 4) **Overlapping Services** – There are no other GCDs in Panola County. GCD functions do not conflict with services provided by other types of water districts or utilities.
- 5) **TCEQ's Supervision** – As with general law GCDs, the TCEQ will have general supervisory authority, including bond review authority and authority as it is related to the District's development and implementation of a management plan; the District would not have to comply with TCEQ financial auditing requirements.

**6) Water Use** – In 2004, 36 percent of the total water use in Panola County was for livestock, with 35 percent for municipal use and 20 percent for mining. 59 percent of the total water use (and 80 percent of the livestock water use) is from groundwater sources.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board

**LBB Staff:** JOB, WK

1-1 By: Hopson (Senate Sponsor - Eltife) H.B. No. 1498  
1-2 (In the Senate - Received from the House May 3, 2007;  
1-3 May 7, 2007, read first time and referred to Committee on Natural  
1-4 Resources; May 17, 2007, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 10, Nays 0;  
1-6 May 17, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1498 By: Eltife

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the creation of the Panola County Groundwater  
1-11 Conservation District; providing authority to impose a tax and  
1-12 issue bonds.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Subtitle H, Title 6, Special District Local Laws  
1-15 Code, is amended by adding Chapter 8819 to read as follows:

1-16 CHAPTER 8819. PANOLA COUNTY GROUNDWATER

1-17 CONSERVATION DISTRICT

1-18 SUBCHAPTER A. GENERAL PROVISIONS

1-19 Sec. 8819.001. DEFINITIONS. In this chapter:

1-20 (1) "Board" means the board of directors of the  
1-21 district.

1-22 (2) "Director" means a member of the board.

1-23 (3) "District" means the Panola County Groundwater  
1-24 Conservation District.

1-25 Sec. 8819.002. NATURE OF DISTRICT. The district is a  
1-26 groundwater conservation district in Panola County created under  
1-27 and essential to accomplish the purposes of Section 59, Article  
1-28 XVI, Texas Constitution.

1-29 Sec. 8819.003. CONFIRMATION ELECTION REQUIRED. If the  
1-30 creation of the district is not confirmed at a confirmation  
1-31 election held on or before December 31, 2008, the district is  
1-32 dissolved on that date, except that:

1-33 (1) any debts incurred shall be paid;

1-34 (2) any assets that remain after the payment of debts  
1-35 shall be transferred to Panola County; and

1-36 (3) the organization of the district shall be  
1-37 maintained until all debts are paid and remaining assets are  
1-38 transferred.

1-39 Sec. 8819.004. INITIAL DISTRICT TERRITORY. The initial  
1-40 boundaries of the district are coextensive with the boundaries of  
1-41 Panola County, Texas.

1-42 Sec. 8819.005. APPLICABILITY OF OTHER GROUNDWATER  
1-43 CONSERVATION DISTRICT LAW. Except as otherwise provided by this  
1-44 chapter, Chapter 36, Water Code, applies to the district.

1-45 [Sections 8819.006-8819.020 reserved for expansion]

1-46 SUBCHAPTER A-1. TEMPORARY PROVISIONS

1-47 Sec. 8819.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a)  
1-48 Not later than the 45th day after the effective date of this  
1-49 chapter, nine temporary directors shall be appointed as follows:

1-50 (1) the Panola County Commissioners Court shall  
1-51 appoint eight temporary directors, with two of the temporary  
1-52 directors appointed from each of the four commissioners precincts  
1-53 in the county to represent the precincts in which the temporary  
1-54 directors reside; and

1-55 (2) the county judge of Panola County shall appoint  
1-56 one temporary director who resides in the district to represent the  
1-57 district at large.

1-58 (b) Of the temporary directors, at least one director must  
1-59 represent rural water suppliers in the district, one must represent  
1-60 agricultural interests in the district, and one must represent  
1-61 industrial interests in the district.

1-62 (c) If there is a vacancy on the temporary board of  
1-63 directors of the district, the Panola County Commissioners Court



shall appoint a person to fill the vacancy in a manner that meets the representational requirements of this section.

(d) Temporary directors serve until the earlier of:

(1) the election of initial directors under Section 8819.023; or

(2) the date this subchapter expires under Section 8819.026.

Sec. 8819.022. ORGANIZATIONAL MEETING OF TEMPORARY DIRECTORS. As soon as practicable after all the temporary directors have qualified under Section 36.055, Water Code, a majority of the temporary directors shall convene the organizational meeting of the district at a location within the district agreeable to a majority of the directors. If an agreement on location cannot be reached, the organizational meeting shall be at the Panola County Courthouse.

Sec. 8819.023. CONFIRMATION AND INITIAL DIRECTORS' ELECTION. (a) The temporary directors shall hold an election to confirm the creation of the district and to elect the initial directors of the district.

(b) The temporary directors shall have placed on the ballot the names of all candidates for an initial director's position who have filed an application for a place on the ballot as provided by Section 52.003, Election Code.

(c) The ballot must be printed to provide for voting for or against the proposition: "The creation of the Panola County Groundwater Conservation District."

(d) If the district levies a maintenance tax for payment of expenses, the ballot must be printed to provide for voting for or against the proposition: "The levy of a maintenance tax at a rate not to exceed \_\_\_\_\_ cents for each \$100 of assessed valuation."

(e) Section 41.001(a), Election Code, does not apply to an election held under this section.

(f) Except as provided by this section, an election under this section must be conducted as provided by Sections 36.017(b)-(i), Water Code, and the Election Code. The provision of Section 36.017(d), Water Code, relating to the election of permanent directors does not apply to an election under this section.

Sec. 8819.024. INITIAL DIRECTORS. (a) If creation of the district is confirmed at an election held under Section 8819.023, the initial directors of the district serve on the board of directors until permanent directors are elected under Section 8819.025 or 8819.053.

(b) The two initial directors representing each of the four commissioners precincts shall draw lots to determine which of the two directors shall serve a term expiring June 1 following the first regularly scheduled election of directors under Section 8819.025, and which of the two directors shall serve a term expiring June 1 following the second regularly scheduled election of directors. The at-large director shall serve a term expiring June 1 following the second regularly scheduled election of directors.

Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On the uniform election date prescribed by Section 41.001, Election Code, in May of the first even-numbered year after the year in which the district is authorized to be created at a confirmation election, an election shall be held in the district for the election of four directors to replace the initial directors who, under Section 8819.024(b), serve a term expiring June 1 following that election.

Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter expires September 1, 2012.

[Sections 8819.027-8819.050 reserved for expansion]

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8819.051. DIRECTORS; TERMS. (a) The district is governed by a board of nine directors.

(b) Directors serve staggered four-year terms, with four or five directors' terms expiring June 1 of each even-numbered year.

(c) A director may serve consecutive terms.

Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS

PRECINCTS. (a) The directors of the district shall be elected according to the commissioners precinct method as provided by this section.

(b) One director shall be elected by the voters of the entire district, and two directors shall be elected from each county commissioners precinct by the voters of that precinct.

(c) Except as provided by Subsection (e), to be eligible to be a candidate for or to serve as director at large, a person must be a registered voter in the district. To be a candidate for or to serve as director from a county commissioners precinct, a person must be a registered voter of that precinct.

(d) A person shall indicate on the application for a place on the ballot:

(1) the precinct that the person seeks to represent; or

(2) that the person seeks to represent the district at large.

(e) When the boundaries of the county commissioners precincts are redrawn after each federal decennial census to reflect population changes, a director in office on the effective date of the change, or a director elected or appointed before the effective date of the change whose term of office begins on or after the effective date of the change, shall serve in the precinct to which elected or appointed even though the change in boundaries places the person's residence outside the precinct for which the person was elected or appointed.

Sec. 8819.053. ELECTION DATE. The district shall hold an election to elect the appropriate number of directors on the uniform election date prescribed by Section 41.001, Election Code, in May of each even-numbered year.

Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b), and (d), Water Code, do not apply to the district.

(b) A director is entitled to receive compensation of not more than \$50 a day for each day the director actually spends performing the duties of a director. The compensation may not exceed \$3,000 a year.

(c) The board may authorize a director to receive reimbursement for the director's reasonable expenses incurred while engaging in activities on behalf of the board.

Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is required for board action. If there is a tie vote, the proposed action fails.

[Sections 8819.056-8819.100 reserved for expansion]

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 8819.101. GENERAL POWERS. Except as otherwise provided by this chapter, the district has all of the rights, powers, privileges, functions, and duties provided by the general law of this state applicable to groundwater conservation districts created under Section 59, Article XVI, Texas Constitution.

Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION JURISDICTION. (a) Except as provided by this section, a groundwater well drilled or operated within the district under a permit issued by the Railroad Commission of Texas is under the jurisdiction of the railroad commission, and, in respect to such a well, the district has only the authority provided by Chapter 36, Water Code.

(b) Groundwater produced in an amount authorized by a railroad commission permit may be used within or exported from the district without a permit from the district.

(c) To the extent groundwater is produced in excess of railroad commission authorization, the holder of the railroad commission permit:

(1) shall apply to the district for the appropriate permit for the excess production; and

(2) is subject to the applicable regulatory fees.

Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE, TRANSPORT, OR DISTRIBUTION OF WATER. The district may not purchase, sell, transport, or distribute surface water or groundwater for any purpose.

4-1 Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
 4-2 DOMAIN POWERS. The district may not exercise the power of eminent  
 4-3 domain.

4-4 Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
 4-5 "designated groundwater management area" means an area designated  
 4-6 as a groundwater management area under Section 35.004, Water Code.

4-7 (b) To provide for regional continuity, the district shall  
 4-8 comply with the requirements of Section 36.108, Water Code, and:

4-9 (1) participate as needed in coordination meetings  
 4-10 with other groundwater conservation districts in its designated  
 4-11 groundwater management area;

4-12 (2) coordinate the collection of data with other  
 4-13 groundwater conservation districts in its designated groundwater  
 4-14 management area in such a way as to achieve relative uniformity of  
 4-15 data type and quality;

4-16 (3) coordinate efforts to monitor water quality with  
 4-17 other groundwater conservation districts in its designated  
 4-18 groundwater management area, local governments, and state  
 4-19 agencies;

4-20 (4) provide groundwater level data to other  
 4-21 groundwater conservation districts in its designated groundwater  
 4-22 management area;

4-23 (5) investigate any groundwater or aquifer pollution  
 4-24 with the intention of locating its source;

4-25 (6) notify other groundwater conservation districts  
 4-26 in its designated groundwater management area and all appropriate  
 4-27 agencies of any groundwater pollution detected;

4-28 (7) annually provide to other groundwater  
 4-29 conservation districts in its designated groundwater management  
 4-30 area an inventory of water wells and an estimate of groundwater  
 4-31 production in the district; and

4-32 (8) include other groundwater conservation districts  
 4-33 in its designated groundwater management area on the mailing lists  
 4-34 for district newsletters, seminars, public education events, news  
 4-35 articles, and field days.

4-36 Sec. 8819.106. REGISTRATION AND REPORTING REQUIREMENTS FOR  
 4-37 CERTAIN EXEMPT WELLS. The district may adopt rules that require the  
 4-38 owner or operator of a well or class of wells exempt from permitting  
 4-39 under Section 36.117, Water Code, to register the well with the  
 4-40 district and, if the well is not exempt under Section 36.117(b)(1),  
 4-41 Water Code, to report groundwater withdrawals from the well using  
 4-42 reasonable and appropriate reporting methods and frequency.

4-43 Sec. 8819.107. WELL SPACING RULES; EXEMPTIONS. (a) Except  
 4-44 as provided by Subsection (b), the district shall exempt from the  
 4-45 well spacing requirements adopted by the district any well that is  
 4-46 completed on or before the effective date of those requirements.

4-47 (b) The district may provide by rule that a well may lose its  
 4-48 exemption under this section if the well is modified in a manner  
 4-49 that substantially increases the capacity of the well after the  
 4-50 effective date of the well spacing requirements adopted by the  
 4-51 district.

4-52 (c) Except as provided by this section, the district may  
 4-53 require any well or class of wells exempt from permitting under  
 4-54 Chapter 36, Water Code, to comply with the well spacing  
 4-55 requirements adopted by the district. The district shall apply  
 4-56 well spacing requirements uniformly to any well or class of wells  
 4-57 based on the size or capacity of the well and without regard to the  
 4-58 type of use of the groundwater produced by the well.

4-59 Sec. 8819.108. DISTRICT TERRITORY REQUIREMENTS;  
 4-60 DISSOLUTION OF DISTRICT. (a) On September 1, 2011, the district  
 4-61 boundaries must include at least one county adjacent to Panola  
 4-62 County.

4-63 (b) As soon as practicable after September 1, 2011, the  
 4-64 Texas Commission on Environmental Quality shall determine whether  
 4-65 the district complies with Subsection (a).

4-66 (c) If the commission determines that the district does not  
 4-67 comply with Subsection (a), the commission shall dissolve the  
 4-68 district in accordance with Sections 36.304, 36.305, 36.307,  
 4-69 36.308, 36.309, and 36.310, Water Code, regardless of whether the

district meets the criteria for dissolution under Section 36.304(a), Water Code.

(d) This section expires September 1, 2013.

[Sections 8819.109-8819.150 reserved for expansion]

#### SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8819.151. LIMITATION ON TAXES. The district may not impose ad valorem taxes at a rate that exceeds 1.5 cents on each \$100 valuation of taxable property in the district.

Sec. 8819.152. FEES. (a) The board by rule may impose reasonable fees on each well:

(1) for which a permit is issued by the district; and

(2) that is not exempt from district regulation.

(b) A production fee may be based on:

(1) the size of column pipe used by the well; or

(2) the amount of water actually withdrawn from the well, or the amount authorized or anticipated to be withdrawn.

(c) The board shall base the initial production fee on the criteria listed in Subsection (b)(2). The initial production fee:

(1) may not exceed:

(A) 25 cents per acre-foot for water used for agricultural irrigation; or

(B) 6.75 cents per thousand gallons for water used for any other purpose; and

(2) may be increased at a cumulative rate not to exceed three percent per year.

(d) In addition to the production fee authorized under this section, the district may assess an export fee on groundwater from a well that is produced for transport outside the district.

(e) Fees authorized by this section may be:

(1) assessed annually;

(2) used to pay the cost of district operations; and

(3) used for any other purpose allowed under Chapter 36, Water Code.

Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district may issue bonds and notes under Subchapter F, Chapter 36, Water Code, except that the total indebtedness created by that issuance may not exceed \$500,000 at any time.

SECTION 2. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, lieutenant governor, and speaker of the house of representatives within the required time.

(d) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.

\* \* \* \* \*

FAVORABLY AS SUBSTITUTED  
SENATE COMMITTEE REPORT ON

SB SCR SJR SR HB HCR HJR

1498

By

E. H. R.  
(Author/Senate Sponsor)

5-17-07

(date)

We, your Committee on NATURAL RESOURCES, to which was referred the attached measure,  
have on 05/15/07, had the same under consideration and I am instructed to report it  
(date of hearing)  
back with the recommendation (s) that it:

- ☒ do pass as substituted, and be printed  
☒ the caption remained the same as original measure  
☐ the caption changed with adoption of the substitute

☐ do pass as substituted, and be ordered not printed

☒ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☒ yes ☐ no

Considered by subcommittee. ☐ yes ☒ no

The measure was reported from Committee by the following vote:

	YEA	NAY	ABSENT	PNV
Senator Averitt, Chair	<input checked="" type="checkbox"/>			
Senator Estes, Vice-Chair	<input checked="" type="checkbox"/>			
Senator Brimer	<input checked="" type="checkbox"/>			
Senator Deuell	<input checked="" type="checkbox"/>			
Senator Duncan			<input checked="" type="checkbox"/>	
Senator Eltife	<input checked="" type="checkbox"/>			
Senator Hegar	<input checked="" type="checkbox"/>			
Senator Hinojosa	<input checked="" type="checkbox"/>			
Senator Jackson	<input checked="" type="checkbox"/>			
Senator Seliger	<input checked="" type="checkbox"/>			
Senator Uresti	<input checked="" type="checkbox"/>			
TOTAL VOTES	<u>10</u>	<u>0</u>	<u>1</u>	<u>0</u>

COMMITTEE ACTION

S260 Considered in public hearing  
S270 Testimony taken

[Signature]  
COMMITTEE CLERK

[Signature]  
CHAIRMAN

Paper clip the original and one copy of this signed form to the original bill along with TWO copies of the Committee Substitute  
Retain one copy of this form for Committee files

## **BILL ANALYSIS**

Senate Research Center  
80R20009 TAD-D

C.S.H.B. 1498  
By: Hopson (Eltime)  
Natural Resources  
5/16/2007  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, Northeast Texas, and specifically Panola County, does not have any groundwater conservation districts. Texas currently faces a difficult challenge to develop water policies that serve both state and regional interests. The Texas Constitution authorizes the creation of groundwater conservation districts to manage and conserve groundwater.

C.S.H.B. 1498 creates the Panola County Groundwater Conservation District, subject to approval at a confirmation election, to manage, monitor, and conserve Panola County's groundwater resources.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the board of directors of the Panola County Groundwater Conservation District in SECTION 1 (Sections 8819.106 and 8819.152, Special District Local Laws Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle H, Title 6, Special District Local Laws Code, by adding Chapter 8819, as follows:

#### **CHAPTER 8819. PANOLA COUNTY GROUNDWATER CONSERVATION DISTRICT**

Sets forth the standard language for the creation of the Panola County Groundwater Conservation District (district). Sets forth standards, procedures, requirements, and criteria for:

Creation and approval of the district (Sections 8819.001 - 8819.020);

Size, composition, election, and terms of the board of directors of the district (Sections 8819.021 - 8819.100);

Powers and duties of the district (Section 8819.101 - 8819.150); and

General financial provisions and authority to impose taxes and fees and issue bonds and notes for the district (Sections 8819.151 - 8819.153).

Prohibits the use of eminent domain by the district.

SECTION 2. Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 3. Effective date: upon passage or September 1, 2007.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 17, 2007**

**TO:** Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds. ), **Committee Report 2nd House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
---

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 11, 2007**

**TO:** Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.), **As Engrossed**

<b>No fiscal implication to the State is anticipated.</b>
---

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 21, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds. ), **Committee Report 1st House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
---

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 19, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
---

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**80TH LEGISLATIVE REGULAR SESSION**

**April 24, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds. ), **Committee Report 1st House, Substituted**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill creates the Panola County Groundwater Conservation District (District) in Panola County with the powers and duties of Water Code, Chapter 36 related to general law for groundwater conservation districts (GCDs). The purpose of the District is to benefit property by providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and to control subsidence caused by the withdrawal of groundwater under powers conferred by Article XVI, Section 59 of the Texas Constitution. Creation of the District is subject to a confirmation election.

- 1) **Population** - The total 2000 Census population of Panola County was 22,756. The total population is projected to increase to 24,402 by 2020.
- 2) **Location** - The proposed district is located within Panola County.
- 3) **Comments on Powers/Duties Different from Similar Types of Districts** - Unlike general law GCDs, the bill provides that the District has county-appointed temporary directors to represent varied water user groups and then be governed by nine directors elected by the commissioners precinct method. Directors may not receive fees of office that exceed \$50 a day or \$3,000 a year. The District may not purchase, sell, transport or distribute surface water or groundwater for any purpose, or exercise the power of eminent domain. The District is subject to more stringent requirements for cooperation with other GCDs within the same groundwater management area. The District's initial well production fees may not exceed \$0.25 per acre-foot of water used for agricultural irrigation and \$0.0675 per 1,000 gallons for water used for any other purposes and the fees may be increased at a cumulative rate not to exceed three percent per year. The District may not levy a tax that exceeds \$0.015 per \$100 assessed valuation and may not exceed bond or note indebtedness of \$500,000. The District would be dissolved on December 31, 2008, if it is not confirmed by this date, and temporary provisions in Chapter 8819, Subchapter A-1 would expire on September 1, 2012.
- 4) **Overlapping Services** - There are no other GCDs in Panola County. GCD functions do not conflict with services provided by other types of water districts or utilities.
- 5) **TCEQ's Supervision** - As with general law GCDs, the TCEQ will have general supervisory authority, including bond review authority and authority as it is related to the District's development and implementation of a management plan; the District would not have to comply with TCEQ financial auditing requirements.

**6) Water Use** - In 2004, 36 percent of the total water use in Panola County was for livestock, with 35 percent for municipal use and 20 percent for mining. Fifty-nine percent of the total water use (and 80 percent of the livestock water use) is from groundwater sources.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board

**LBB Staff:** JOB, DB

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**80TH LEGISLATIVE REGULAR SESSION**

**March 20, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.), **As Introduced**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill creates the Panola County Groundwater Conservation District (District) in Panola County with the powers and duties of Water Code, Chapter 36 related to general law for groundwater conservation districts (GCDs). The purpose of the District is to benefit property by providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and to control subsidence caused by the withdrawal of groundwater under powers conferred by Article XVI, Section 59 of the Texas Constitution. Creation of the District is subject to a confirmation election.

- 1) Population-** The total 2000 Census population of Panola County was 22,756. The total population is projected to increase to 24,402 by 2020.
- 2) Location –** The proposed district is located within Panola County.
- 3) Comments on Powers/Duties Different from Similar Types of Districts –** Unlike general law GCDs, the bill provides that the District has county-appointed temporary directors to represent varied water user groups and then be governed by nine directors elected by the commissioners precinct method. Directors may not receive fees of office that exceed \$50 a day or \$3,000 a year. The District may not purchase, sell, transport or distribute surface water or groundwater for any purpose; may not exercise the power of eminent domain; and, may meter wells only if water is exported out of the District or there is suspected excessive use, pollution, or well interference cases. The District is subject to more stringent requirements for cooperation with other GCDs within the same groundwater management area. The District's initial well production fees may not exceed \$0.25 per acre-foot of water used for agricultural irrigation and \$0.0675 per 1,000 gallons for water used for any other purposes and the fees may be increased at a cumulative rate not to exceed three percent per year. The District may not levy a tax that exceeds \$0.015 per \$100 assessed valuation and may not exceed bond or note indebtedness of \$500,000. The District would be dissolved on December 31, 2008, if it is not confirmed by this date, and temporary provisions in Chapter 8819, Subchapter A-1 would expire on September 1, 2012.
- 4) Overlapping Services –** There are no other GCDs in Panola County. GCD functions do not conflict with services provided by other types of water districts or utilities.
- 5) TCEQ's Supervision –** As with general law GCDs, the TCEQ will have general supervisory authority, including bond review authority and authority as it is related to the District's development and implementation of a management plan; the District would not have to comply with TCEQ financial auditing requirements.

**6) Water Use** – In 2004, 36 percent of the total water use in Panola County was for livestock, with 35 percent for municipal use and 20 percent for mining. 59 percent of the total water use (and 80 percent of the livestock water use) is from groundwater sources.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board

**LBB Staff:** JOB, WK

## BUSINESS LISTINGS

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Michael Krupka, Jonathan  
 Lavine, Matthew McPherron,  
 Anand More, Kristin Mugford,  
 James Nahirny, Benjamin Nye,  
 William Pappendick, IV, Michel  
 Plantevin, Dwight Poler, Peter  
 Riehl, Douglas Rudisch, Walid  
 Sarkis, Jeffrey Schwartz, Junichi  
 Shiroshita, Yuji Sugimoto and  
 Jonathan Zhu.

Thomas H. Lee Equity Fund VI,  
 L.P. is controlled by THL Equity  
 Advisors VI, LLC, which is, in  
 turn, controlled by Thomas H.  
 Lee Partners, L.P. Thomas H. Lee  
 Advisors, LLC is the General  
 Partner of Thomas H. Lee  
 Partners, L.P. Scott Schoen,  
 Anthony DiNovi, and Scott  
 Sperling are limited partners of  
 Thomas H. Lee Partners, L.P. and  
 Managing Directors. Co-  
 Presidents, and members of  
 Thomas H. Lee Advisors, LLC.  
 Thomas Hagerty, Seth Lawry,  
 Kent Weldon, Todd Abbrecht,  
 Charles Brizius, Scott Jaackel,  
 and Soren Oberg are limited  
 partners of Thomas H. Lee  
 Partners, L.P. and Managing  
 Directors and members of  
 Thomas H. Lee Advisors, LLC.  
 George Taylor, Richard Bressler,  
 Gregory White, Joshua Nelson,  
 Jeff Swenson, Ganesh Rao,  
 James Carlisle, Joseph Peace,  
 Charles Holder, Joshua Bressler,  
 Jeremy Tan, Warren Smith, Jr.,  
 Thomas H. Lee, David Harkins,  
 Hunter Boll, Terrance Mullen and

County, Texas

Issued and given under my hand  
 and the seal of said Court at  
 office, this the 11th day of  
 December, 2006.

(SEAL)

Sandra King, District Clerk  
 District Court  
 Panola County, Texas  
 By Sherry Tribbey, Deputy  
 Room 227, Courthouse  
 Carthage, Texas 75633

### CORRECTIVE LEGAL

Auction to satisfy landlord's lien  
 will be held Tuesday, January 23,  
 2007 at Panola Self Storage, 310  
 South Adams Street, Carthage,  
 Texas 75633.  
 Victor B. Stone: Coolers, tools,  
 household goods.  
 Auction at 10:00 a.m. May be  
 viewed at 9:15 a.m. day of sale.

### NOTICE OF INTENT TO APPLY FOR PASSAGE OF A LOCAL BILL

A bill to create the Panola  
 County Groundwater  
 Conservation District will be  
 submitted 30 days from this  
 notice in the 80th Texas  
 Legislature.

### MISCELLANEOUS

**BARBED WIRE FENCES:** Call  
 Pedro de Julian 903-690-0228;  
 903-754-9827. Superior  
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### LIVESTOCK



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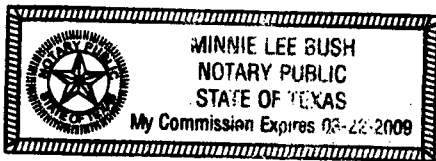
**903-622-4909 903-694-5763**

**J. T. Gates**

1-1007

THE STATE OF TEXAS, }  
COUNTY OF PANOLA: }

Before me, the undersigned authority, a Notary Public in and for Panola County, Texas, this day personally appeared ..... Bill Holder .....  
who, after being by me duly sworn, deposes and says on oath that he is the . Publisher ..... of THE  
.PANOLA . WATCHMAN a weekly newspaper published in Carthage, Panola County, Texas, and that the  
attached Notice of Publication was published in its issue of ..... January .10., .2007 .....  
and ..... XXXXXXXX ..... and ..... XXXXXXXX .....  
and ..... XXXXXXXX ..... and that the charges therefor at the Rate of , 30¢/word  
cents per word for the first insertion and ... cents per word for each subsequent insertion total \$. 10 , 50



*Bill Holder*

SWORN and Subscribed to before me, this the 10th  
day of ..... January ..... A.D. 20..07.. ....

*Minnie Lee Bush*  
Notary Public, Panola County, Texas



LETTER OF TRANSMITTAL  
HOUSE OF REPRESENTATIVES  
STATE OF TEXAS

HB 1498

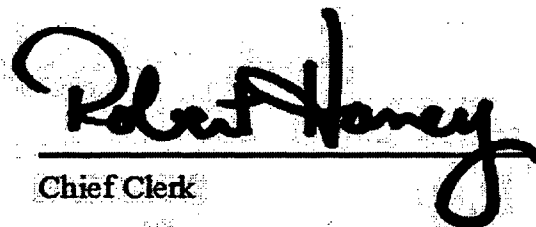
Bill Number

TO: The Honorable Governor of Texas  
SUBJECT: A Bill Relating to a Conservation and Reclamation District

This is to transmit to you and the Texas Commission on Environmental Quality copies of a bill relating to a conservation and reclamation district and copies of the notice of intention to introduce the bill. One copy is for your files and one for you to forward to the Texas Commission on Environmental Quality, under Section 59(d), Article XVI, Constitution of the State of Texas.

02/16/2007

Date transmitted to  
Governor's Office

  
Chief Clerk  
House of Representatives

TO: Texas Commission on Environmental Quality  
SUBJECT: A Bill Relating to a Conservation and Reclamation District

This is to forward to you a copy of a bill relating to a conservation and reclamation district and a copy of the notice of intention to introduce the bill.

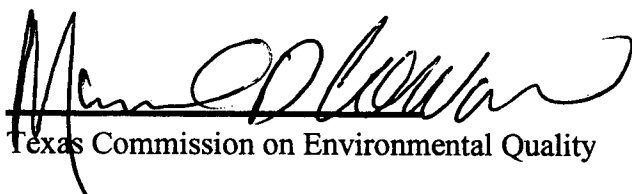
MAR 07 AMSD

Date transmitted to  
Texas Commission on Environmental Quality

  
Governor

TO: The Honorable Speaker of the House  
The Honorable President of the Senate  
The Honorable Governor of Texas  
SUBJECT: A Bill Relating to a Conservation and Reclamation District

Attached are the recommendations of the Texas Commission on Environmental Quality in compliance with Section 59(d), Article XVI, Constitution of the State of Texas.

  
Texas Commission on Environmental Quality

Kathleen Hartnett White, *Chairman*  
Larry R. Soward, *Commissioner*  
Glenn Shankle, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

The Honorable Tom Craddick  
Texas House of Representatives  
Capitol Station  
PO Box 2910  
Austin, Texas 78768-2910

Re: Responsibility of the Texas Commission on Environmental Quality (TCEQ) Pursuant to Article XVI, Section 59(d), Texas Constitution

HB 1498, as Filed by Representative Charles L. "Chuck" Hopson - Relating to the Creation of the Panola County Groundwater Conservation District

Dear Speaker Craddick:

The following comments are provided pursuant to the Constitutional requirements referenced above. Under those requirements, the TCEQ must submit, to the Governor, Lieutenant Governor and Speaker of the House of Representatives, the TCEQ's recommendations on specific legislation affecting water districts. We recommend that these comments be considered in the evaluation of the proposed legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. Cowan".

Michael D. Cowan, Director  
Water Supply Division

cc: The Honorable Robert Puente, Chairman, House Natural Resources Committee  
The Honorable Charles L. "Chuck" Hopson, Texas House of Representatives

Enclosure

### **HB 1498 by Representative Charles L. "Chuck" Hopson**

The bill creates the Panola County Groundwater Conservation District (District) in Panola County with the powers and duties of Water Code, Chapter 36 related to general law for groundwater conservation districts (GCDs). The purpose of the District is to benefit property by providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and to control subsidence caused by the withdrawal of groundwater under powers conferred by Article XVI, Section 59 of the Texas Constitution. Creation of the District is subject to confirmation election by the voters.

**Comments on Powers/Duties Different from Similar Types of Districts** – Unlike general law GCDs, the bill provides that the District has county-appointed temporary directors to represent varied water user groups and then be governed by nine directors elected by the commissioners precinct method. Directors may not receive fees of office that exceed \$50 a day or \$3,000 a year. The District may not purchase, sell, transport or distribute surface water or groundwater for any purpose; may not exercise the power of eminent domain; and, may meter wells only if water is exported out of the District or there is suspected excessive use, pollution, or well interference cases. The District is subject to more stringent requirements for cooperation with other GCDs within the same groundwater management area. The District's initial well production fees may not exceed \$0.25 per acre-foot of water used for agricultural irrigation and \$0.0675 per 1,000 gallons for water used for any other purposes and the fees may be increased at a cumulative rate not to exceed three percent per year. The District may not levy a tax that exceeds \$0.015 per \$100 assessed valuation and may not exceed bond or note indebtedness of \$500,000.

The District would be dissolved on December 31, 2008, if it is not confirmed by that date, and temporary provisions in Chapter 8819, Subchapter A-1 would expire on September 1, 2012.

**Overlapping Services** – There are no other GCDs in Panola County. GCD functions do not conflict with services provided by other types of water districts or utilities.

**TCEQ's Supervision** – As with general law GCDs, the TCEQ will have general supervisory authority, including bond review authority and authority as it is related to the District's development and implementation of a management plan; the District would not have to comply with TCEQ financial auditing requirements.

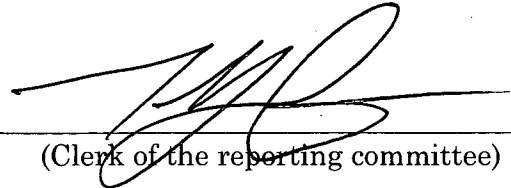
# REQUEST FOR LOCAL & UNCONTESTED CALENDAR PLACEMENT

SENATOR KIM BRIMER, CHAIRMAN  
SENATE COMMITTEE ON ADMINISTRATION

Notice is hereby given that HB 1498, by Elfr,  
(Bill No.) (Author/Sponsor)

was heard by the Committee on Natural Resources on 05/15/07,  
2007,

and reported out with the recommendation that it be placed on the Local and Uncontested Calendar.

  
(Clerk of the reporting committee)

**IMPORTANT: TWO COPIES OF THIS FORM MUST BE ATTACHED TO A COMMITTEE PRINTED  
VERSION OF THE BILL OR RESOLUTION AND SHOULD BE DELIVERED TO THE ADMINISTRATION  
COMMITTEE OFFICE, E1.714. DEADLINES FOR SUBMITTING BILLS AND RESOLUTIONS WILL BE  
ANNOUNCED ON A REGULAR BASIS.**

ADOPTED

MAY 21 2007

*Larry Spaw*  
Secretary of the Senate

By: E. L. Fe

H. B. No. 1498

Substitute the following for \_\_\_\_ B. No. \_\_\_\_:

By: E. L. Fe

C.S. \_\_\_\_ B. No. \_\_\_\_

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8819 to read as follows:

CHAPTER 8819. PANOLA COUNTY GROUNDWATER

CONSERVATION DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8819.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Director" means a member of the board.

(3) "District" means the Panola County Groundwater Conservation District.

Sec. 8819.002. NATURE OF DISTRICT. The district is a groundwater conservation district in Panola County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8819.003. CONFIRMATION ELECTION REQUIRED. If the creation of the district is not confirmed at a confirmation election held on or before December 31, 2008, the district is dissolved on that date, except that:

1           (1) any debts incurred shall be paid;  
2           (2) any assets that remain after the payment of debts  
3 shall be transferred to Panola County; and  
4           (3) the organization of the district shall be  
5 maintained until all debts are paid and remaining assets are  
6 transferred.

7           Sec. 8819.004. INITIAL DISTRICT TERRITORY. The initial  
8 boundaries of the district are coextensive with the boundaries of  
9 Panola County, Texas.

10           Sec. 8819.005. APPLICABILITY OF OTHER GROUNDWATER  
11 CONSERVATION DISTRICT LAW. Except as otherwise provided by this  
12 chapter, Chapter 36, Water Code, applies to the district.

13           [Sections 8819.006-8819.020 reserved for expansion]

14           SUBCHAPTER A-1. TEMPORARY PROVISIONS

15           Sec. 8819.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a)  
16 Not later than the 45th day after the effective date of this  
17 chapter, nine temporary directors shall be appointed as follows:

18           (1) the Panola County Commissioners Court shall  
19 appoint eight temporary directors, with two of the temporary  
20 directors appointed from each of the four commissioners precincts  
21 in the county to represent the precincts in which the temporary  
22 directors reside; and

23           (2) the county judge of Panola County shall appoint  
24 one temporary director who resides in the district to represent the  
25 district at large.

26           (b) Of the temporary directors, at least one director must  
27 represent rural water suppliers in the district, one must represent

1 agricultural interests in the district, and one must represent  
2 industrial interests in the district.

3 (c) If there is a vacancy on the temporary board of  
4 directors of the district, the Panola County Commissioners Court  
5 shall appoint a person to fill the vacancy in a manner that meets  
6 the representational requirements of this section.

7 (d) Temporary directors serve until the earlier of:

8 (1) the election of initial directors under Section  
9 8819.023; or

10 (2) the date this subchapter expires under Section  
11 8819.026.

12 Sec. 8819.022. ORGANIZATIONAL MEETING OF TEMPORARY  
13 DIRECTORS. As soon as practicable after all the temporary  
14 directors have qualified under Section 36.055, Water Code, a  
15 majority of the temporary directors shall convene the  
16 organizational meeting of the district at a location within the  
17 district agreeable to a majority of the directors. If an agreement  
18 on location cannot be reached, the organizational meeting shall be  
19 at the Panola County Courthouse.

20 Sec. 8819.023. CONFIRMATION AND INITIAL DIRECTORS'  
21 ELECTION. (a) The temporary directors shall hold an election to  
22 confirm the creation of the district and to elect the initial  
23 directors of the district.

24 (b) The temporary directors shall have placed on the ballot  
25 the names of all candidates for an initial director's position who  
26 have filed an application for a place on the ballot as provided by  
27 Section 52.003, Election Code.

1        (c) The ballot must be printed to provide for voting for or  
2 against the proposition: "The creation of the Panola County  
3 Groundwater Conservation District."

4        (d) If the district levies a maintenance tax for payment of  
5 expenses, the ballot must be printed to provide for voting for or  
6 against the proposition: "The levy of a maintenance tax at a rate  
7 not to exceed \_\_\_\_ cents for each \$100 of assessed valuation."

8        (e) Section 41.001(a), Election Code, does not apply to an  
9 election held under this section.

10       (f) Except as provided by this section, an election under  
11 this section must be conducted as provided by Sections  
12 36.017(b)-(i), Water Code, and the Election Code. The provision of  
13 Section 36.017(d), Water Code, relating to the election of  
14 permanent directors does not apply to an election under this  
15 section.

16       Sec. 8819.024. INITIAL DIRECTORS. (a) If creation of the  
17 district is confirmed at an election held under Section 8819.023,  
18 the initial directors of the district serve on the board of  
19 directors until permanent directors are elected under Section  
20 8819.025 or 8819.053.

21       (b) The two initial directors representing each of the four  
22 commissioners precincts shall draw lots to determine which of the  
23 two directors shall serve a term expiring June 1 following the first  
24 regularly scheduled election of directors under Section 8819.025,  
25 and which of the two directors shall serve a term expiring June 1  
26 following the second regularly scheduled election of directors.  
27 The at-large director shall serve a term expiring June 1 following



1 the second regularly scheduled election of directors.

2 Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On  
3 the uniform election date prescribed by Section 41.001, Election  
4 Code, in May of the first even-numbered year after the year in which  
5 the district is authorized to be created at a confirmation  
6 election, an election shall be held in the district for the election  
7 of four directors to replace the initial directors who, under  
8 Section 8819.024(b), serve a term expiring June 1 following that  
9 election.

10 Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter  
11 expires September 1, 2012.

12 [Sections 8819.027-8819.050 reserved for expansion]

13 SUBCHAPTER B. BOARD OF DIRECTORS

14 Sec. 8819.051. DIRECTORS; TERMS. (a) The district is  
15 governed by a board of nine directors.

16 (b) Directors serve staggered four-year terms, with four or  
17 five directors' terms expiring June 1 of each even-numbered year.

18 (c) A director may serve consecutive terms.

19 Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS  
20 PRECINCTS. (a) The directors of the district shall be elected  
21 according to the commissioners precinct method as provided by this  
22 section.

23 (b) One director shall be elected by the voters of the  
24 entire district, and two directors shall be elected from each  
25 county commissioners precinct by the voters of that precinct.

26 (c) Except as provided by Subsection (e), to be eligible to  
27 be a candidate for or to serve as director at large, a person must be

1 a registered voter in the district. To be a candidate for or to  
2 serve as director from a county commissioners precinct, a person  
3 must be a registered voter of that precinct.

4 (d) A person shall indicate on the application for a place  
5 on the ballot:

6 (1) the precinct that the person seeks to represent;  
7 or

8 (2) that the person seeks to represent the district at  
9 large.

10 (e) When the boundaries of the county commissioners  
11 precincts are redrawn after each federal decennial census to  
12 reflect population changes, a director in office on the effective  
13 date of the change, or a director elected or appointed before the  
14 effective date of the change whose term of office begins on or after  
15 the effective date of the change, shall serve in the precinct to  
16 which elected or appointed even though the change in boundaries  
17 places the person's residence outside the precinct for which the  
18 person was elected or appointed.

19 Sec. 8819.053. ELECTION DATE. The district shall hold an  
20 election to elect the appropriate number of directors on the  
21 uniform election date prescribed by Section 41.001, Election Code,  
22 in May of each even-numbered year.

23 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
24 and (d), Water Code, do not apply to the district.

25 (b) A director is entitled to receive compensation of not  
26 more than \$50 a day for each day the director actually spends  
27 performing the duties of a director. The compensation may not

1 exceed \$3,000 a year.

2 (c) The board may authorize a director to receive  
3 reimbursement for the director's reasonable expenses incurred  
4 while engaging in activities on behalf of the board.

5 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
6 required for board action. If there is a tie vote, the proposed  
7 action fails.

8 [Sections 8819.056-8819.100 reserved for expansion]

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
11 provided by this chapter, the district has all of the rights,  
12 powers, privileges, functions, and duties provided by the general  
13 law of this state applicable to groundwater conservation districts  
14 created under Section 59, Article XVI, Texas Constitution.

15 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
16 JURISDICTION. (a) Except as provided by this section, a  
17 groundwater well drilled or operated within the district under a  
18 permit issued by the Railroad Commission of Texas is under the  
19 jurisdiction of the railroad commission, and, in respect to such a  
20 well, the district has only the authority provided by Chapter 36,  
21 Water Code.

22 (b) Groundwater produced in an amount authorized by a  
23 railroad commission permit may be used within or exported from the  
24 district without a permit from the district.

25 (c) To the extent groundwater is produced in excess of  
26 railroad commission authorization, the holder of the railroad  
27 commission permit:

1           (1) shall apply to the district for the appropriate  
2 permit for the excess production; and

3           (2) is subject to the applicable regulatory fees.

4           Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
5 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
6 purchase, sell, transport, or distribute surface water or  
7 groundwater for any purpose.

8           Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
9 DOMAIN POWERS. The district may not exercise the power of eminent  
10 domain.

11           Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
12 "designated groundwater management area" means an area designated  
13 as a groundwater management area under Section 35.004, Water Code.

14           (b) To provide for regional continuity, the district shall  
15 comply with the requirements of Section 36.108, Water Code, and:

16           (1) participate as needed in coordination meetings  
17 with other groundwater conservation districts in its designated  
18 groundwater management area;

19           (2) coordinate the collection of data with other  
20 groundwater conservation districts in its designated groundwater  
21 management area in such a way as to achieve relative uniformity of  
22 data type and quality;

23           (3) coordinate efforts to monitor water quality with  
24 other groundwater conservation districts in its designated  
25 groundwater management area, local governments, and state  
26 agencies;

27           (4) provide groundwater level data to other

1 groundwater conservation districts in its designated groundwater  
2 management area;

3 (5) investigate any groundwater or aquifer pollution  
4 with the intention of locating its source;

5 (6) notify other groundwater conservation districts  
6 in its designated groundwater management area and all appropriate  
7 agencies of any groundwater pollution detected;

8 (7) annually provide to other groundwater  
9 conservation districts in its designated groundwater management  
10 area an inventory of water wells and an estimate of groundwater  
11 production in the district; and

12 (8) include other groundwater conservation districts  
13 in its designated groundwater management area on the mailing lists  
14 for district newsletters, seminars, public education events, news  
15 articles, and field days.

16 Sec. 8819.106. REGISTRATION AND REPORTING REQUIREMENTS FOR  
17 CERTAIN EXEMPT WELLS. The district may adopt rules that require the  
18 owner or operator of a well or class of wells exempt from permitting  
19 under Section 36.117, Water Code, to register the well with the  
20 district and, if the well is not exempt under Section 36.117(b)(1),  
21 Water Code, to report groundwater withdrawals from the well using  
22 reasonable and appropriate reporting methods and frequency.

23 Sec. 8819.107. WELL SPACING RULES; EXEMPTIONS. (a) Except  
24 as provided by Subsection (b), the district shall exempt from the  
25 well spacing requirements adopted by the district any well that is  
26 completed on or before the effective date of those requirements.

27 (b) The district may provide by rule that a well may lose its

1 exemption under this section if the well is modified in a manner  
2 that substantially increases the capacity of the well after the  
3 effective date of the well spacing requirements adopted by the  
4 district.

5 (c) Except as provided by this section, the district may  
6 require any well or class of wells exempt from permitting under  
7 Chapter 36, Water Code, to comply with the well spacing  
8 requirements adopted by the district. The district shall apply  
9 well spacing requirements uniformly to any well or class of wells  
10 based on the size or capacity of the well and without regard to the  
11 type of use of the groundwater produced by the well.

12 Sec. 8819.108. DISTRICT TERRITORY REQUIREMENTS;  
13 DISSOLUTION OF DISTRICT. (a) On September 1, 2011, the district  
14 boundaries must include at least one county adjacent to Panola  
15 County.

16 (b) As soon as practicable after September 1, 2011, the  
17 Texas Commission on Environmental Quality shall determine whether  
18 the district complies with Subsection (a).

19 (c) If the commission determines that the district does not  
20 comply with Subsection (a), the commission shall dissolve the  
21 district in accordance with Sections 36.304, 36.305, 36.307,  
22 36.308, 36.309, and 36.310, Water Code, regardless of whether the  
23 district meets the criteria for dissolution under Section  
24 36.304(a), Water Code.

25 (d) This section expires September 1, 2013.

26 [Sections 8819.109-8819.150 reserved for expansion]

1                   SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

2                   Sec. 8819.151. LIMITATION ON TAXES. The district may not  
3 impose ad valorem taxes at a rate that exceeds 1.5 cents on each  
4 \$100 valuation of taxable property in the district.

5                   Sec. 8819.152. FEES. (a) The board by rule may impose  
6 reasonable fees on each well:

7                   (1) for which a permit is issued by the district; and

8                   (2) that is not exempt from district regulation.

9                   (b) A production fee may be based on:

10                   (1) the size of column pipe used by the well; or

11                   (2) the amount of water actually withdrawn from the  
12 well, or the amount authorized or anticipated to be withdrawn.

13                   (c) The board shall base the initial production fee on the  
14 criteria listed in Subsection (b)(2). The initial production fee:

15                   (1) may not exceed:

16                   (A) 25 cents per acre-foot for water used for  
17 agricultural irrigation; or

18                   (B) 6.75 cents per thousand gallons for water  
19 used for any other purpose; and

20                   (2) may be increased at a cumulative rate not to exceed  
21 three percent per year.

22                   (d) In addition to the production fee authorized under this  
23 section, the district may assess an export fee on groundwater from a  
24 well that is produced for transport outside the district.

25                   (e) Fees authorized by this section may be:

26                   (1) assessed annually;

27                   (2) used to pay the cost of district operations; and

1           (3) used for any other purpose allowed under Chapter  
2 36, Water Code.

3           Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
4 may issue bonds and notes under Subchapter F, Chapter 36, Water  
5 Code, except that the total indebtedness created by that issuance  
6 may not exceed \$500,000 at any time.

7           SECTION 2. (a) The legal notice of the intention to  
8 introduce this Act, setting forth the general substance of this  
9 Act, has been published as provided by law, and the notice and a  
10 copy of this Act have been furnished to all persons, agencies,  
11 officials, or entities to which they are required to be furnished  
12 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
13 Government Code.

14           (b) The governor has submitted the notice and Act to the  
15 Texas Commission on Environmental Quality.

16           (c) The Texas Commission on Environmental Quality has filed  
17 its recommendations relating to this Act with the governor,  
18 lieutenant governor, and speaker of the house of representatives  
19 within the required time.

20           (d) All requirements of the constitution and laws of this  
21 state and the rules and procedures of the legislature with respect  
22 to the notice, introduction, and passage of this Act are fulfilled  
23 and accomplished.

24           SECTION 3. This Act takes effect immediately if it receives  
25 a vote of two-thirds of all the members elected to each house, as  
26 provided by Section 39, Article III, Texas Constitution. If this  
27 Act does not receive the vote necessary for immediate effect, this



1 Act takes effect September 1, 2007.

# SENATE AMENDMENTS 07 MAY 21 PM 11:29

2<sup>nd</sup> Printing

HOUSE OF REPRESENTATIVES

By: Hopson

H.B. No. 1498

## A BILL TO BE ENTITLED

### AN ACT

relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8819 to read as follows:

#### CHAPTER 8819. PANOLA COUNTY GROUNDWATER

##### CONSERVATION DISTRICT

##### SUBCHAPTER A. GENERAL PROVISIONS

##### Sec. 8819.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Director" means a member of the board.

(3) "District" means the Panola County Groundwater Conservation District.

Sec. 8819.002. NATURE OF DISTRICT. The district is a groundwater conservation district in Panola County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8819.003. CONFIRMATION ELECTION REQUIRED. If the creation of the district is not confirmed at a confirmation election held on or before December 31, 2008, the district is dissolved on that date, except that:

1           (1) any debts incurred shall be paid;

2           (2) any assets that remain after the payment of debts  
3 shall be transferred to Panola County; and

4           (3) the organization of the district shall be  
5 maintained until all debts are paid and remaining assets are  
6 transferred.

7           Sec. 8819.004. INITIAL DISTRICT TERRITORY. The initial  
8 boundaries of the district are coextensive with the boundaries of  
9 Panola County, Texas.

10          Sec. 8819.005. APPLICABILITY OF OTHER GROUNDWATER  
11 CONSERVATION DISTRICT LAW. Except as otherwise provided by this  
12 chapter, Chapter 36, Water Code, applies to the district.

13           [Sections 8819.006-8819.020 reserved for expansion]

14                   SUBCHAPTER A-1. TEMPORARY PROVISIONS

15          Sec. 8819.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a)  
16 Not later than the 45th day after the effective date of this  
17 chapter, nine temporary directors shall be appointed as follows:

18           (1) the Panola County Commissioners Court shall  
19 appoint eight temporary directors, with two of the temporary  
20 directors appointed from each of the four commissioners precincts  
21 in the county to represent the precincts in which the temporary  
22 directors reside; and

23           (2) the county judge of Panola County shall appoint  
24 one temporary director who resides in the district to represent the  
25 district at large.

26          (b) Of the temporary directors, at least one director must  
27 represent rural water suppliers in the district, one must represent

1 agricultural interests in the district, and one must represent  
2 industrial interests in the district.

3 (c) If there is a vacancy on the temporary board of  
4 directors of the district, the Panola County Commissioners Court  
5 shall appoint a person to fill the vacancy in a manner that meets  
6 the representational requirements of this section.

7 (d) Temporary directors serve until the earlier of:

8 (1) the election of initial directors under Section  
9 8819.023; or

10 (2) the date this subchapter expires under Section  
11 8819.026.

12 Sec. 8819.022. ORGANIZATIONAL MEETING OF TEMPORARY  
13 DIRECTORS. As soon as practicable after all the temporary  
14 directors have qualified under Section 36.055, Water Code, a  
15 majority of the temporary directors shall convene the  
16 organizational meeting of the district at a location within the  
17 district agreeable to a majority of the directors. If an agreement  
18 on location cannot be reached, the organizational meeting shall be  
19 at the Panola County Courthouse.

20 Sec. 8819.023. CONFIRMATION AND INITIAL DIRECTORS'  
21 ELECTION. (a) The temporary directors shall hold an election to  
22 confirm the creation of the district and to elect the initial  
23 directors of the district.

24 (b) The temporary directors shall have placed on the ballot  
25 the names of all candidates for an initial director's position who  
26 have filed an application for a place on the ballot as provided by  
27 Section 52.003, Election Code.

1        (c) The ballot must be printed to provide for voting for or  
2 against the proposition: "The creation of the Panola County  
3 Groundwater Conservation District."

4        (d) If the district levies a maintenance tax for payment of  
5 expenses, the ballot must be printed to provide for voting for or  
6 against the proposition: "The levy of a maintenance tax at a rate  
7 not to exceed \_\_\_\_ cents for each \$100 of assessed valuation."

8        (e) Section 41.001(a), Election Code, does not apply to an  
9 election held under this section.

10       (f) Except as provided by this section, an election under  
11 this section must be conducted as provided by Sections  
12 36.017(b)-(i), Water Code, and the Election Code. The provision of  
13 Section 36.017(d), Water Code, relating to the election of  
14 permanent directors does not apply to an election under this  
15 section.

16       Sec. 8819.024. INITIAL DIRECTORS. (a) If creation of the  
17 district is confirmed at an election held under Section 8819.023,  
18 the initial directors of the district serve on the board of  
19 directors until permanent directors are elected under Section  
20 8819.025 or 8819.053.

21       (b) The two initial directors representing each of the four  
22 commissioners precincts shall draw lots to determine which of the  
23 two directors shall serve a term expiring June 1 following the first  
24 regularly scheduled election of directors under Section 8819.025,  
25 and which of the two directors shall serve a term expiring June 1  
26 following the second regularly scheduled election of directors.  
27 The at-large director shall serve a term expiring June 1 following

1 the second regularly scheduled election of directors.

2 Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On  
3 the uniform election date prescribed by Section 41.001, Election  
4 Code, in May of the first even-numbered year after the year in which  
5 the district is authorized to be created at a confirmation  
6 election, an election shall be held in the district for the election  
7 of four directors to replace the initial directors who, under  
8 Section 8819.024(b), serve a term expiring June 1 following that  
9 election.

10 Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter  
11 expires September 1, 2012.

12 [Sections 8819.027-8819.050 reserved for expansion]

13 SUBCHAPTER B. BOARD OF DIRECTORS

14 Sec. 8819.051. DIRECTORS; TERMS. (a) The district is  
15 governed by a board of nine directors.

16 (b) Directors serve staggered four-year terms, with four or  
17 five directors' terms expiring June 1 of each even-numbered year.

18 (c) A director may serve consecutive terms.

19 Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS  
20 PRECINCTS. (a) The directors of the district shall be elected  
21 according to the commissioners precinct method as provided by this  
22 section.

23 (b) One director shall be elected by the voters of the  
24 entire district, and two directors shall be elected from each  
25 county commissioners precinct by the voters of that precinct.

26 (c) Except as provided by Subsection (e), to be eligible to  
27 be a candidate for or to serve as director at large, a person must be

1 a registered voter in the district. To be a candidate for or to  
2 serve as director from a county commissioners precinct, a person  
3 must be a registered voter of that precinct.

4 (d) A person shall indicate on the application for a place  
5 on the ballot:

6 (1) the precinct that the person seeks to represent;  
7 or  
8 (2) that the person seeks to represent the district at  
9 large.

10 (e) When the boundaries of the county commissioners  
11 precincts are redrawn after each federal decennial census to  
12 reflect population changes, a director in office on the effective  
13 date of the change, or a director elected or appointed before the  
14 effective date of the change whose term of office begins on or after  
15 the effective date of the change, shall serve in the precinct to  
16 which elected or appointed even though the change in boundaries  
17 places the person's residence outside the precinct for which the  
18 person was elected or appointed.

19 Sec. 8819.053. ELECTION DATE. The district shall hold an  
20 election to elect the appropriate number of directors on the  
21 uniform election date prescribed by Section 41.001, Election Code,  
22 in May of each even-numbered year.

23 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
24 and (d), Water Code, do not apply to the district.

25 (b) A director is entitled to receive compensation of not  
26 more than \$50 a day for each day the director actually spends  
27 performing the duties of a director. The compensation may not

1 exceed \$3,000 a year.

2 (c) The board may authorize a director to receive  
3 reimbursement for the director's reasonable expenses incurred  
4 while engaging in activities on behalf of the board.

5 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
6 required for board action. If there is a tie vote, the proposed  
7 action fails.

8 [Sections 8819.056-8819.100 reserved for expansion]

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
11 provided by this chapter, the district has all of the rights,  
12 powers, privileges, functions, and duties provided by the general  
13 law of this state applicable to groundwater conservation districts  
14 created under Section 59, Article XVI, Texas Constitution.

15 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
16 JURISDICTION. (a) Except as provided by this section, a  
17 groundwater well drilled or operated within the district under a  
18 permit issued by the Railroad Commission of Texas is under the  
19 jurisdiction of the railroad commission, and, in respect to such a  
20 well, the district has only the authority provided by Chapter 36,  
21 Water Code.

22 (b) Groundwater produced in an amount authorized by a  
23 railroad commission permit may be used within or exported from the  
24 district without a permit from the district.

25 (c) To the extent groundwater is produced in excess of  
26 railroad commission authorization, the holder of the railroad  
27 commission permit:



1           (1) shall apply to the district for the appropriate  
2 permit for the excess production; and

3           (2) is subject to the applicable regulatory fees.

4           Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
5 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
6 purchase, sell, transport, or distribute surface water or  
7 groundwater for any purpose.

8           Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
9 DOMAIN POWERS. The district may not exercise the power of eminent  
10 domain.

11          Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
12 "designated groundwater management area" means an area designated  
13 as a groundwater management area under Section 35.004, Water Code.

14          (b) To provide for regional continuity, the district shall  
15 comply with the requirements of Section 36.108, Water Code, and:

16           (1) participate as needed in coordination meetings  
17 with other groundwater conservation districts in its designated  
18 groundwater management area;

19           (2) coordinate the collection of data with other  
20 groundwater conservation districts in its designated groundwater  
21 management area in such a way as to achieve relative uniformity of  
22 data type and quality;

23           (3) coordinate efforts to monitor water quality with  
24 other groundwater conservation districts in its designated  
25 groundwater management area, local governments, and state  
26 agencies;

27           (4) provide groundwater level data to other

1 groundwater conservation districts in its designated groundwater  
2 management area;

3 (5) investigate any groundwater or aquifer pollution  
4 with the intention of locating its source;

5 (6) notify other groundwater conservation districts  
6 in its designated groundwater management area and all appropriate  
7 agencies of any groundwater pollution detected;

8 (7) annually provide to other groundwater  
9 conservation districts in its designated groundwater management  
10 area an inventory of water wells and an estimate of groundwater  
11 production in the district; and

12 (8) include other groundwater conservation districts  
13 in its designated groundwater management area on the mailing lists  
14 for district newsletters, seminars, public education events, news  
15 articles, and field days.

16 [Sections 8819.106-8819.150 reserved for expansion]

17 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

18 Sec. 8819.151. LIMITATION ON TAXES. The district may not  
19 impose ad valorem taxes at a rate that exceeds 1.5 cents on each  
20 \$100 valuation of taxable property in the district.

21 Sec. 8819.152. FEES. (a) The board by rule may impose  
22 reasonable fees on each well:

23 (1) for which a permit is issued by the district; and

24 (2) that is not exempt from district regulation.

25 (b) A production fee may be based on:

26 (1) the size of column pipe used by the well; or

27 (2) the amount of water actually withdrawn from the

1 well, or the amount authorized or anticipated to be withdrawn.

2 (c) The board shall base the initial production fee on the  
3 criteria listed in Subsection (b)(2). The initial production fee:

4 (1) may not exceed:

5 (A) 25 cents per acre-foot for water used for  
6 agricultural irrigation; or

7 (B) 6.75 cents per thousand gallons for water  
8 used for any other purpose; and

9 (2) may be increased at a cumulative rate not to exceed  
10 three percent per year.

11 (d) In addition to the production fee authorized under this  
12 section, the district may assess an export fee on groundwater from a  
13 well that is produced for transport outside the district.

14 (e) Fees authorized by this section may be:

15 (1) assessed annually;

16 (2) used to pay the cost of district operations; and

17 (3) used for any other purpose allowed under Chapter  
18 36, Water Code.

19 Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
20 may issue bonds and notes under Subchapter F, Chapter 36, Water  
21 Code, except that the total indebtedness created by that issuance  
22 may not exceed \$500,000 at any time.

23 SECTION 2. (a) The legal notice of the intention to  
24 introduce this Act, setting forth the general substance of this  
25 Act, has been published as provided by law, and the notice and a  
26 copy of this Act have been furnished to all persons, agencies,  
27 officials, or entities to which they are required to be furnished

1 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
2 Government Code.

3 (b) The governor has submitted the notice and Act to the  
4 Texas Commission on Environmental Quality.

5 (c) The Texas Commission on Environmental Quality has filed  
6 its recommendations relating to this Act with the governor,  
7 lieutenant governor, and speaker of the house of representatives  
8 within the required time.

9 (d) All requirements of the constitution and laws of this  
10 state and the rules and procedures of the legislature with respect  
11 to the notice, introduction, and passage of this Act are fulfilled  
12 and accomplished.

13 SECTION 3. This Act takes effect immediately if it receives  
14 a vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for immediate effect, this  
17 Act takes effect September 1, 2007.

# ADOPTED

MAY 21 2007

*Leta Spaw*  
Secretary of the Senate

By: E.H. Fe

H.B. No. 1498

Substitute the following for \_\_\_\_B. No. \_\_\_\_:

By: [Signature]

C.S. \_\_\_\_B. No. \_\_\_\_

## A BILL TO BE ENTITLED

### AN ACT

relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8819 to read as follows:

#### CHAPTER 8819. PANOLA COUNTY GROUNDWATER

##### CONSERVATION DISTRICT

##### SUBCHAPTER A. GENERAL PROVISIONS

##### Sec. 8819.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Director" means a member of the board.

(3) "District" means the Panola County Groundwater Conservation District.

Sec. 8819.002. NATURE OF DISTRICT. The district is a groundwater conservation district in Panola County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8819.003. CONFIRMATION ELECTION REQUIRED. If the creation of the district is not confirmed at a confirmation election held on or before December 31, 2008, the district is dissolved on that date, except that:

1           (1) any debts incurred shall be paid;  
2           (2) any assets that remain after the payment of debts  
3 shall be transferred to Panola County; and  
4           (3) the organization of the district shall be  
5 maintained until all debts are paid and remaining assets are  
6 transferred.

7           Sec. 8819.004. INITIAL DISTRICT TERRITORY. The initial  
8 boundaries of the district are coextensive with the boundaries of  
9 Panola County, Texas.

10           Sec. 8819.005. APPLICABILITY OF OTHER GROUNDWATER  
11 CONSERVATION DISTRICT LAW. Except as otherwise provided by this  
12 chapter, Chapter 36, Water Code, applies to the district.

13           [Sections 8819.006-8819.020 reserved for expansion]

14           SUBCHAPTER A-1. TEMPORARY PROVISIONS

15           Sec. 8819.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a)  
16 Not later than the 45th day after the effective date of this  
17 chapter, nine temporary directors shall be appointed as follows:

18           (1) the Panola County Commissioners Court shall  
19 appoint eight temporary directors, with two of the temporary  
20 directors appointed from each of the four commissioners precincts  
21 in the county to represent the precincts in which the temporary  
22 directors reside; and

23           (2) the county judge of Panola County shall appoint  
24 one temporary director who resides in the district to represent the  
25 district at large.

26           (b) Of the temporary directors, at least one director must  
27 represent rural water suppliers in the district, one must represent

1 agricultural interests in the district, and one must represent  
2 industrial interests in the district.

3 (c) If there is a vacancy on the temporary board of  
4 directors of the district, the Panola County Commissioners Court  
5 shall appoint a person to fill the vacancy in a manner that meets  
6 the representational requirements of this section.

7 (d) Temporary directors serve until the earlier of:

8 (1) the election of initial directors under Section  
9 8819.023; or

10 (2) the date this subchapter expires under Section  
11 8819.026.

12 Sec. 8819.022. ORGANIZATIONAL MEETING OF TEMPORARY  
13 DIRECTORS. As soon as practicable after all the temporary  
14 directors have qualified under Section 36.055, Water Code, a  
15 majority of the temporary directors shall convene the  
16 organizational meeting of the district at a location within the  
17 district agreeable to a majority of the directors. If an agreement  
18 on location cannot be reached, the organizational meeting shall be  
19 at the Panola County Courthouse.

20 Sec. 8819.023. CONFIRMATION AND INITIAL DIRECTORS'  
21 ELECTION. (a) The temporary directors shall hold an election to  
22 confirm the creation of the district and to elect the initial  
23 directors of the district.

24 (b) The temporary directors shall have placed on the ballot  
25 the names of all candidates for an initial director's position who  
26 have filed an application for a place on the ballot as provided by  
27 Section 52.003, Election Code.

1       (c) The ballot must be printed to provide for voting for or  
2 against the proposition: "The creation of the Panola County  
3 Groundwater Conservation District."

4       (d) If the district levies a maintenance tax for payment of  
5 expenses, the ballot must be printed to provide for voting for or  
6 against the proposition: "The levy of a maintenance tax at a rate  
7 not to exceed \_\_\_\_ cents for each \$100 of assessed valuation."

8       (e) Section 41.001(a), Election Code, does not apply to an  
9 election held under this section.

10       (f) Except as provided by this section, an election under  
11 this section must be conducted as provided by Sections  
12 36.017(b)-(i), Water Code, and the Election Code. The provision of  
13 Section 36.017(d), Water Code, relating to the election of  
14 permanent directors does not apply to an election under this  
15 section.

16       Sec. 8819.024. INITIAL DIRECTORS. (a) If creation of the  
17 district is confirmed at an election held under Section 8819.023,  
18 the initial directors of the district serve on the board of  
19 directors until permanent directors are elected under Section  
20 8819.025 or 8819.053.

21       (b) The two initial directors representing each of the four  
22 commissioners precincts shall draw lots to determine which of the  
23 two directors shall serve a term expiring June 1 following the first  
24 regularly scheduled election of directors under Section 8819.025,  
25 and which of the two directors shall serve a term expiring June 1  
26 following the second regularly scheduled election of directors.  
27 The at-large director shall serve a term expiring June 1 following



1 the second regularly scheduled election of directors.

2 Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On  
3 the uniform election date prescribed by Section 41.001, Election  
4 Code, in May of the first even-numbered year after the year in which  
5 the district is authorized to be created at a confirmation  
6 election, an election shall be held in the district for the election  
7 of four directors to replace the initial directors who, under  
8 Section 8819.024(b), serve a term expiring June 1 following that  
9 election.

10 Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter  
11 expires September 1, 2012.

12 [Sections 8819.027-8819.050 reserved for expansion]

13 SUBCHAPTER B. BOARD OF DIRECTORS

14 Sec. 8819.051. DIRECTORS; TERMS. (a) The district is  
15 governed by a board of nine directors.

16 (b) Directors serve staggered four-year terms, with four or  
17 five directors' terms expiring June 1 of each even-numbered year.

18 (c) A director may serve consecutive terms.

19 Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS  
20 PRECINCTS. (a) The directors of the district shall be elected  
21 according to the commissioners precinct method as provided by this  
22 section.

23 (b) One director shall be elected by the voters of the  
24 entire district, and two directors shall be elected from each  
25 county commissioners precinct by the voters of that precinct.

26 (c) Except as provided by Subsection (e), to be eligible to  
27 be a candidate for or to serve as director at large, a person must be

1 a registered voter in the district. To be a candidate for or to  
2 serve as director from a county commissioners precinct, a person  
3 must be a registered voter of that precinct.

4 (d) A person shall indicate on the application for a place  
5 on the ballot:

6 (1) the precinct that the person seeks to represent;  
7 or  
8 (2) that the person seeks to represent the district at  
9 large.

10 (e) When the boundaries of the county commissioners  
11 precincts are redrawn after each federal decennial census to  
12 reflect population changes, a director in office on the effective  
13 date of the change, or a director elected or appointed before the  
14 effective date of the change whose term of office begins on or after  
15 the effective date of the change, shall serve in the precinct to  
16 which elected or appointed even though the change in boundaries  
17 places the person's residence outside the precinct for which the  
18 person was elected or appointed.

19 Sec. 8819.053. ELECTION DATE. The district shall hold an  
20 election to elect the appropriate number of directors on the  
21 uniform election date prescribed by Section 41.001, Election Code,  
22 in May of each even-numbered year.

23 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
24 and (d), Water Code, do not apply to the district.

25 (b) A director is entitled to receive compensation of not  
26 more than \$50 a day for each day the director actually spends  
27 performing the duties of a director. The compensation may not

1 exceed \$3,000 a year.

2 (c) The board may authorize a director to receive  
3 reimbursement for the director's reasonable expenses incurred  
4 while engaging in activities on behalf of the board.

5 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
6 required for board action. If there is a tie vote, the proposed  
7 action fails.

8 [Sections 8819.056-8819.100 reserved for expansion]

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
11 provided by this chapter, the district has all of the rights,  
12 powers, privileges, functions, and duties provided by the general  
13 law of this state applicable to groundwater conservation districts  
14 created under Section 59, Article XVI, Texas Constitution.

15 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
16 JURISDICTION. (a) Except as provided by this section, a  
17 groundwater well drilled or operated within the district under a  
18 permit issued by the Railroad Commission of Texas is under the  
19 jurisdiction of the railroad commission, and, in respect to such a  
20 well, the district has only the authority provided by Chapter 36,  
21 Water Code.

22 (b) Groundwater produced in an amount authorized by a  
23 railroad commission permit may be used within or exported from the  
24 district without a permit from the district.

25 (c) To the extent groundwater is produced in excess of  
26 railroad commission authorization, the holder of the railroad  
27 commission permit:

1           (1) shall apply to the district for the appropriate  
2 permit for the excess production; and

3           (2) is subject to the applicable regulatory fees.

4           Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
5 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
6 purchase, sell, transport, or distribute surface water or  
7 groundwater for any purpose.

8           Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
9 DOMAIN POWERS. The district may not exercise the power of eminent  
10 domain.

11           Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
12 "designated groundwater management area" means an area designated  
13 as a groundwater management area under Section 35.004, Water Code.

14           (b) To provide for regional continuity, the district shall  
15 comply with the requirements of Section 36.108, Water Code, and:

16           (1) participate as needed in coordination meetings  
17 with other groundwater conservation districts in its designated  
18 groundwater management area;

19           (2) coordinate the collection of data with other  
20 groundwater conservation districts in its designated groundwater  
21 management area in such a way as to achieve relative uniformity of  
22 data type and quality;

23           (3) coordinate efforts to monitor water quality with  
24 other groundwater conservation districts in its designated  
25 groundwater management area, local governments, and state  
26 agencies;

27           (4) provide groundwater level data to other

1 groundwater conservation districts in its designated groundwater  
2 management area;

3 (5) investigate any groundwater or aquifer pollution  
4 with the intention of locating its source;

5 (6) notify other groundwater conservation districts  
6 in its designated groundwater management area and all appropriate  
7 agencies of any groundwater pollution detected;

8 (7) annually provide to other groundwater  
9 conservation districts in its designated groundwater management  
10 area an inventory of water wells and an estimate of groundwater  
11 production in the district; and

12 (8) include other groundwater conservation districts  
13 in its designated groundwater management area on the mailing lists  
14 for district newsletters, seminars, public education events, news  
15 articles, and field days.

16 Sec. 8819.106. REGISTRATION AND REPORTING REQUIREMENTS FOR  
17 CERTAIN EXEMPT WELLS. The district may adopt rules that require the  
18 owner or operator of a well or class of wells exempt from permitting  
19 under Section 36.117, Water Code, to register the well with the  
20 district and, if the well is not exempt under Section 36.117(b)(1),  
21 Water Code, to report groundwater withdrawals from the well using  
22 reasonable and appropriate reporting methods and frequency.

23 Sec. 8819.107. WELL SPACING RULES; EXEMPTIONS. (a) Except  
24 as provided by Subsection (b), the district shall exempt from the  
25 well spacing requirements adopted by the district any well that is  
26 completed on or before the effective date of those requirements.

27 (b) The district may provide by rule that a well may lose its

1 exemption under this section if the well is modified in a manner  
2 that substantially increases the capacity of the well after the  
3 effective date of the well spacing requirements adopted by the  
4 district.

5 (c) Except as provided by this section, the district may  
6 require any well or class of wells exempt from permitting under  
7 Chapter 36, Water Code, to comply with the well spacing  
8 requirements adopted by the district. The district shall apply  
9 well spacing requirements uniformly to any well or class of wells  
10 based on the size or capacity of the well and without regard to the  
11 type of use of the groundwater produced by the well.

12 Sec. 8819.108. DISTRICT TERRITORY REQUIREMENTS;  
13 DISSOLUTION OF DISTRICT. (a) On September 1, 2011, the district  
14 boundaries must include at least one county adjacent to Panola  
15 County.

16 (b) As soon as practicable after September 1, 2011, the  
17 Texas Commission on Environmental Quality shall determine whether  
18 the district complies with Subsection (a).

19 (c) If the commission determines that the district does not  
20 comply with Subsection (a), the commission shall dissolve the  
21 district in accordance with Sections 36.304, 36.305, 36.307,  
22 36.308, 36.309, and 36.310, Water Code, regardless of whether the  
23 district meets the criteria for dissolution under Section  
24 36.304(a), Water Code.

25 (d) This section expires September 1, 2013.

26 [Sections 8819.109-8819.150 reserved for expansion]

1                    SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

2                    Sec. 8819.151. LIMITATION ON TAXES. The district may not  
3 impose ad valorem taxes at a rate that exceeds 1.5 cents on each  
4 \$100 valuation of taxable property in the district.

5                    Sec. 8819.152. FEES. (a) The board by rule may impose  
6 reasonable fees on each well:

7                    (1) for which a permit is issued by the district; and

8                    (2) that is not exempt from district regulation.

9                    (b) A production fee may be based on:

10                   (1) the size of column pipe used by the well; or

11                   (2) the amount of water actually withdrawn from the  
12 well, or the amount authorized or anticipated to be withdrawn.

13                   (c) The board shall base the initial production fee on the  
14 criteria listed in Subsection (b)(2). The initial production fee:

15                   (1) may not exceed:

16                   (A) 25 cents per acre-foot for water used for  
17 agricultural irrigation; or

18                   (B) 6.75 cents per thousand gallons for water  
19 used for any other purpose; and

20                   (2) may be increased at a cumulative rate not to exceed  
21 three percent per year.

22                   (d) In addition to the production fee authorized under this  
23 section, the district may assess an export fee on groundwater from a  
24 well that is produced for transport outside the district.

25                   (e) Fees authorized by this section may be:

26                   (1) assessed annually;

27                   (2) used to pay the cost of district operations; and

1           (3) used for any other purpose allowed under Chapter  
2 36, Water Code.

3           Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
4 may issue bonds and notes under Subchapter F, Chapter 36, Water  
5 Code, except that the total indebtedness created by that issuance  
6 may not exceed \$500,000 at any time.

7           SECTION 2. (a) The legal notice of the intention to  
8 introduce this Act, setting forth the general substance of this  
9 Act, has been published as provided by law, and the notice and a  
10 copy of this Act have been furnished to all persons, agencies,  
11 officials, or entities to which they are required to be furnished  
12 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
13 Government Code.

14           (b) The governor has submitted the notice and Act to the  
15 Texas Commission on Environmental Quality.

16           (c) The Texas Commission on Environmental Quality has filed  
17 its recommendations relating to this Act with the governor,  
18 lieutenant governor, and speaker of the house of representatives  
19 within the required time.

20           (d) All requirements of the constitution and laws of this  
21 state and the rules and procedures of the legislature with respect  
22 to the notice, introduction, and passage of this Act are fulfilled  
23 and accomplished.

24           SECTION 3. This Act takes effect immediately if it receives  
25 a vote of two-thirds of all the members elected to each house, as  
26 provided by Section 39, Article III, Texas Constitution. If this  
27 Act does not receive the vote necessary for immediate effect, this



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 17, 2007**

**TO:** Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds. ), **Committee Report 2nd House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
---

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 11, 2007**

**TO:** Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** HB1498 by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.), **As Engrossed**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 21, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds. ), **Committee Report 1st House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
---

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 19, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.), **As Introduced**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, DB

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**80TH LEGISLATIVE REGULAR SESSION**

**April 24, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds. ), **Committee Report 1st House, Substituted**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill creates the Panola County Groundwater Conservation District (District) in Panola County with the powers and duties of Water Code, Chapter 36 related to general law for groundwater conservation districts (GCDs). The purpose of the District is to benefit property by providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and to control subsidence caused by the withdrawal of groundwater under powers conferred by Article XVI, Section 59 of the Texas Constitution. Creation of the District is subject to a confirmation election.

- 1) **Population** - The total 2000 Census population of Panola County was 22,756. The total population is projected to increase to 24,402 by 2020.
- 2) **Location** - The proposed district is located within Panola County.
- 3) **Comments on Powers/Duties Different from Similar Types of Districts** - Unlike general law GCDs, the bill provides that the District has county-appointed temporary directors to represent varied water user groups and then be governed by nine directors elected by the commissioners precinct method. Directors may not receive fees of office that exceed \$50 a day or \$3,000 a year. The District may not purchase, sell, transport or distribute surface water or groundwater for any purpose, or exercise the power of eminent domain. The District is subject to more stringent requirements for cooperation with other GCDs within the same groundwater management area. The District's initial well production fees may not exceed \$0.25 per acre-foot of water used for agricultural irrigation and \$0.0675 per 1,000 gallons for water used for any other purposes and the fees may be increased at a cumulative rate not to exceed three percent per year. The District may not levy a tax that exceeds \$0.015 per \$100 assessed valuation and may not exceed bond or note indebtedness of \$500,000. The District would be dissolved on December 31, 2008, if it is not confirmed by this date, and temporary provisions in Chapter 8819, Subchapter A-1 would expire on September 1, 2012.
- 4) **Overlapping Services** - There are no other GCDs in Panola County. GCD functions do not conflict with services provided by other types of water districts or utilities.
- 5) **TCEQ's Supervision** - As with general law GCDs, the TCEQ will have general supervisory authority, including bond review authority and authority as it is related to the District's development and implementation of a management plan; the District would not have to comply with TCEQ financial auditing requirements.

**6) Water Use** - In 2004, 36 percent of the total water use in Panola County was for livestock, with 35 percent for municipal use and 20 percent for mining. Fifty-nine percent of the total water use (and 80 percent of the livestock water use) is from groundwater sources.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board

**LBB Staff:** JOB, DB

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**80TH LEGISLATIVE REGULAR SESSION**

**March 20, 2007**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1498** by Hopson (Relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.), **As Introduced**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill creates the Panola County Groundwater Conservation District (District) in Panola County with the powers and duties of Water Code, Chapter 36 related to general law for groundwater conservation districts (GCDs). The purpose of the District is to benefit property by providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and to control subsidence caused by the withdrawal of groundwater under powers conferred by Article XVI, Section 59 of the Texas Constitution. Creation of the District is subject to a confirmation election.

- 1) Population-** The total 2000 Census population of Panola County was 22,756. The total population is projected to increase to 24,402 by 2020.
- 2) Location –** The proposed district is located within Panola County.
- 3) Comments on Powers/Duties Different from Similar Types of Districts –** Unlike general law GCDs, the bill provides that the District has county-appointed temporary directors to represent varied water user groups and then be governed by nine directors elected by the commissioners precinct method. Directors may not receive fees of office that exceed \$50 a day or \$3,000 a year. The District may not purchase, sell, transport or distribute surface water or groundwater for any purpose; may not exercise the power of eminent domain; and, may meter wells only if water is exported out of the District or there is suspected excessive use, pollution, or well interference cases. The District is subject to more stringent requirements for cooperation with other GCDs within the same groundwater management area. The District's initial well production fees may not exceed \$0.25 per acre-foot of water used for agricultural irrigation and \$0.0675 per 1,000 gallons for water used for any other purposes and the fees may be increased at a cumulative rate not to exceed three percent per year. The District may not levy a tax that exceeds \$0.015 per \$100 assessed valuation and may not exceed bond or note indebtedness of \$500,000. The District would be dissolved on December 31, 2008, if it is not confirmed by this date, and temporary provisions in Chapter 8819, Subchapter A-1 would expire on September 1, 2012.
- 4) Overlapping Services –** There are no other GCDs in Panola County. GCD functions do not conflict with services provided by other types of water districts or utilities.
- 5) TCEQ's Supervision –** As with general law GCDs, the TCEQ will have general supervisory authority, including bond review authority and authority as it is related to the District's development and implementation of a management plan; the District would not have to comply with TCEQ financial auditing requirements.

**6) Water Use** – In 2004, 36 percent of the total water use in Panola County was for livestock, with 35 percent for municipal use and 20 percent for mining. 59 percent of the total water use (and 80 percent of the livestock water use) is from groundwater sources.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board

**LBB Staff:** JOB, WK



# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

**ADOPTED**

MAY 26 2007

Robert Hanes  
Chief Clerk  
House of Representatives

5/24/07

Date

HOUSE OF REPRESENTATIVES

07 MAY 25 PM 5:51

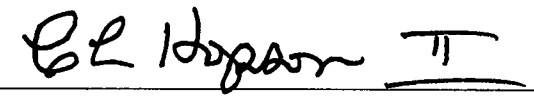
Honorable David Dewhurst  
President of the Senate

Honorable Tom Craddick  
Speaker of the House of Representatives

Sirs:

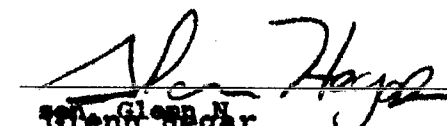
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on house bill 1498 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

  
Chair, Kevin Eltife

  
Chair, Hopson

  
Sen. Robert Deuell

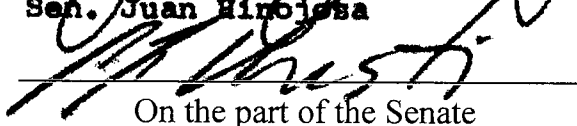
Rep. R. Cook

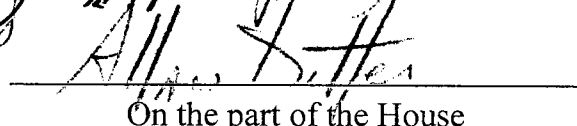
  
Sen. Glenn Hegar

  
Rep. G. Frost

  
Sen. Juan Hinojosa

  
Rep. J. McBetholds

  
On the part of the Senate

  
On the part of the House

Sen. Carlos Uresti

Rep. A. Ritter

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

H.B. No. 1498

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8819 to read as follows:

CHAPTER 8819. PANOLA COUNTY GROUNDWATER

CONSERVATION DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8819.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Director" means a member of the board.

(3) "District" means the Panola County Groundwater Conservation District.

Sec. 8819.002. NATURE OF DISTRICT. The district is a groundwater conservation district in Panola County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8819.003. CONFIRMATION ELECTION REQUIRED. If the creation of the district is not confirmed at a confirmation election held on or before December 31, 2008, the district is dissolved on that date, except that:

1           (1) any debts incurred shall be paid;

2           (2) any assets that remain after the payment of debts  
3 shall be transferred to Panola County; and

4           (3) the organization of the district shall be  
5 maintained until all debts are paid and remaining assets are  
6 transferred.

7       Sec. 8819.004. INITIAL DISTRICT TERRITORY. The initial  
8 boundaries of the district are coextensive with the boundaries of  
9 Panola County, Texas.

10       Sec. 8819.005. APPLICABILITY OF OTHER GROUNDWATER  
11 CONSERVATION DISTRICT LAW. Except as otherwise provided by this  
12 chapter, Chapter 36, Water Code, applies to the district.

13       [Sections 8819.006-8819.020 reserved for expansion]

14           SUBCHAPTER A-1. TEMPORARY PROVISIONS

15       Sec. 8819.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a)  
16 Not later than the 45th day after the effective date of this  
17 chapter, nine temporary directors shall be appointed as follows:

18           (1) the Panola County Commissioners Court shall  
19 appoint eight temporary directors, with two of the temporary  
20 directors appointed from each of the four commissioners precincts  
21 in the county to represent the precincts in which the temporary  
22 directors reside; and

23           (2) the county judge of Panola County shall appoint  
24 one temporary director who resides in the district to represent the  
25 district at large.

26       (b) Of the temporary directors, at least one director must  
27 represent rural water suppliers in the district, one must represent

1 agricultural interests in the district, and one must represent  
2 industrial interests in the district.

3 (c) If there is a vacancy on the temporary board of  
4 directors of the district, the Panola County Commissioners Court  
5 shall appoint a person to fill the vacancy in a manner that meets  
6 the representational requirements of this section.

7 (d) Temporary directors serve until the earlier of:

8 (1) the election of initial directors under Section  
9 8819.023; or

10 (2) the date this subchapter expires under Section  
11 8819.026.

12 Sec. 8819.022. ORGANIZATIONAL MEETING OF TEMPORARY  
13 DIRECTORS. As soon as practicable after all the temporary  
14 directors have qualified under Section 36.055, Water Code, a  
15 majority of the temporary directors shall convene the  
16 organizational meeting of the district at a location within the  
17 district agreeable to a majority of the directors. If an agreement  
18 on location cannot be reached, the organizational meeting shall be  
19 at the Panola County Courthouse.

20 Sec. 8819.023. CONFIRMATION AND INITIAL DIRECTORS'  
21 ELECTION. (a) The temporary directors shall hold an election to  
22 confirm the creation of the district and to elect the initial  
23 directors of the district.

24 (b) The temporary directors shall have placed on the ballot  
25 the names of all candidates for an initial director's position who  
26 have filed an application for a place on the ballot as provided by  
27 Section 52.003, Election Code.

1        (c) The ballot must be printed to provide for voting for or  
2 against the proposition: "The creation of the Panola County  
3 Groundwater Conservation District."

4        (d) If the district levies a maintenance tax for payment of  
5 expenses, the ballot must be printed to provide for voting for or  
6 against the proposition: "The levy of a maintenance tax at a rate  
7 not to exceed \_\_\_\_\_ cents for each \$100 of assessed valuation."

8        (e) Section 41.001(a), Election Code, does not apply to an  
9 election held under this section.

10       (f) Except as provided by this section, an election under  
11 this section must be conducted as provided by Sections  
12 36.017(b)-(i), Water Code, and the Election Code. The provision of  
13 Section 36.017(d), Water Code, relating to the election of  
14 permanent directors does not apply to an election under this  
15 section.

16       Sec. 8819.024. INITIAL DIRECTORS. (a) If creation of the  
17 district is confirmed at an election held under Section 8819.023,  
18 the initial directors of the district serve on the board of  
19 directors until permanent directors are elected under Section  
20 8819.025 or 8819.053.

21       (b) The two initial directors representing each of the four  
22 commissioners precincts shall draw lots to determine which of the  
23 two directors shall serve a term expiring June 1 following the first  
24 regularly scheduled election of directors under Section 8819.025,  
25 and which of the two directors shall serve a term expiring June 1  
26 following the second regularly scheduled election of directors.  
27 The at-large director shall serve a term expiring June 1 following

1 the second regularly scheduled election of directors.

2 Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On  
3 the uniform election date prescribed by Section 41.001, Election  
4 Code, in May of the first even-numbered year after the year in which  
5 the district is authorized to be created at a confirmation  
6 election, an election shall be held in the district for the election  
7 of four directors to replace the initial directors who, under  
8 Section 8819.024(b), serve a term expiring June 1 following that  
9 election.

10 Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter  
11 expires September 1, 2012.

12 [Sections 8819.027-8819.050 reserved for expansion]

13 SUBCHAPTER B. BOARD OF DIRECTORS

14 Sec. 8819.051. DIRECTORS; TERMS. (a) The district is  
15 governed by a board of nine directors.

16 (b) Directors serve staggered four-year terms, with four or  
17 five directors' terms expiring June 1 of each even-numbered year.

18 (c) A director may serve consecutive terms.

19 Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS  
20 PRECINCTS. (a) The directors of the district shall be elected  
21 according to the commissioners precinct method as provided by this  
22 section.

23 (b) One director shall be elected by the voters of the  
24 entire district, and two directors shall be elected from each  
25 county commissioners precinct by the voters of that precinct.

26 (c) Except as provided by Subsection (e), to be eligible to  
27 be a candidate for or to serve as director at large, a person must be

1 a registered voter in the district. To be a candidate for or to  
2 serve as director from a county commissioners precinct, a person  
3 must be a registered voter of that precinct.

4 (d) A person shall indicate on the application for a place  
5 on the ballot:

6 (1) the precinct that the person seeks to represent;  
7 or  
8 (2) that the person seeks to represent the district at  
9 large.

10 (e) When the boundaries of the county commissioners  
11 precincts are redrawn after each federal decennial census to  
12 reflect population changes, a director in office on the effective  
13 date of the change, or a director elected or appointed before the  
14 effective date of the change whose term of office begins on or after  
15 the effective date of the change, shall serve in the precinct to  
16 which elected or appointed even though the change in boundaries  
17 places the person's residence outside the precinct for which the  
18 person was elected or appointed.

19 Sec. 8819.053. ELECTION DATE. The district shall hold an  
20 election to elect the appropriate number of directors on the  
21 uniform election date prescribed by Section 41.001, Election Code,  
22 in May of each even-numbered year.

23 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
24 and (d), Water Code, do not apply to the district.

25 (b) A director is entitled to receive compensation of not  
26 more than \$50 a day for each day the director actually spends  
27 performing the duties of a director. The compensation may not

1 exceed \$3,000 a year.

2 (c) The board may authorize a director to receive  
3 reimbursement for the director's reasonable expenses incurred  
4 while engaging in activities on behalf of the board.

5 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
6 required for board action. If there is a tie vote, the proposed  
7 action fails.

8 [Sections 8819.056-8819.100 reserved for expansion]

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
11 provided by this chapter, the district has all of the rights,  
12 powers, privileges, functions, and duties provided by the general  
13 law of this state applicable to groundwater conservation districts  
14 created under Section 59, Article XVI, Texas Constitution.

15 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
16 JURISDICTION. (a) Except as provided by this section, a  
17 groundwater well drilled or operated within the district under a  
18 permit issued by the Railroad Commission of Texas is under the  
19 jurisdiction of the railroad commission, and, in respect to such a  
20 well, the district has only the authority provided by Chapter 36,  
21 Water Code.

22 (b) Groundwater produced in an amount authorized by a  
23 railroad commission permit may be used within or exported from the  
24 district without a permit from the district.

25 (c) To the extent groundwater is produced in excess of  
26 railroad commission authorization, the holder of the railroad  
27 commission permit:



1           (1) shall apply to the district for the appropriate  
2 permit for the excess production; and

3           (2) is subject to the applicable regulatory fees.

4           Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
5 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
6 purchase, sell, transport, or distribute surface water or  
7 groundwater for any purpose.

8           Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
9 DOMAIN POWERS. The district may not exercise the power of eminent  
10 domain.

11           Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
12 "designated groundwater management area" means an area designated  
13 as a groundwater management area under Section 35.004, Water Code.

14           (b) To provide for regional continuity, the district shall  
15 comply with the requirements of Section 36.108, Water Code, and:

16           (1) participate as needed in coordination meetings  
17 with other groundwater conservation districts in its designated  
18 groundwater management area;

19           (2) coordinate the collection of data with other  
20 groundwater conservation districts in its designated groundwater  
21 management area in such a way as to achieve relative uniformity of  
22 data type and quality;

23           (3) coordinate efforts to monitor water quality with  
24 other groundwater conservation districts in its designated  
25 groundwater management area, local governments, and state  
26 agencies;

27           (4) provide groundwater level data to other

1 groundwater conservation districts in its designated groundwater  
2 management area;

3 (5) investigate any groundwater or aquifer pollution  
4 with the intention of locating its source;

5 (6) notify other groundwater conservation districts  
6 in its designated groundwater management area and all appropriate  
7 agencies of any groundwater pollution detected;

8 (7) annually provide to other groundwater  
9 conservation districts in its designated groundwater management  
10 area an inventory of water wells and an estimate of groundwater  
11 production in the district; and

12 (8) include other groundwater conservation districts  
13 in its designated groundwater management area on the mailing lists  
14 for district newsletters, seminars, public education events, news  
15 articles, and field days.

16 [Sections 8819.106-8819.150 reserved for expansion]

17 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

18 Sec. 8819.151. LIMITATION ON TAXES. The district may not  
19 impose ad valorem taxes at a rate that exceeds 1.5 cents on each  
20 \$100 valuation of taxable property in the district.

21 Sec. 8819.152. FEES. (a) The board by rule may impose  
22 reasonable fees on each well:

23 (1) for which a permit is issued by the district; and

24 (2) that is not exempt from district regulation.

25 (b) A production fee may be based on:

26 (1) the size of column pipe used by the well; or

27 (2) the amount of water actually withdrawn from the

1 well, or the amount authorized or anticipated to be withdrawn.

2 (c) The board shall base the initial production fee on the  
3 criteria listed in Subsection (b)(2). The initial production fee:

4 (1) may not exceed:

5 (A) 25 cents per acre-foot for water used for  
6 agricultural irrigation; or

7 (B) 6.75 cents per thousand gallons for water  
8 used for any other purpose; and

9 (2) may be increased at a cumulative rate not to exceed  
10 three percent per year.

11 (d) In addition to the production fee authorized under this  
12 section, the district may assess an export fee on groundwater from a  
13 well that is produced for transport outside the district.

14 (e) Fees authorized by this section may be:

15 (1) assessed annually;

16 (2) used to pay the cost of district operations; and

17 (3) used for any other purpose allowed under Chapter  
18 36, Water Code.

19 Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
20 may issue bonds and notes under Subchapter F, Chapter 36, Water  
21 Code, except that the total indebtedness created by that issuance  
22 may not exceed \$500,000 at any time.

23 SECTION 2. (a) The legal notice of the intention to  
24 introduce this Act, setting forth the general substance of this  
25 Act, has been published as provided by law, and the notice and a  
26 copy of this Act have been furnished to all persons, agencies,  
27 officials, or entities to which they are required to be furnished

1 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
2 Government Code.

3 (b) The governor has submitted the notice and Act to the  
4 Texas Commission on Environmental Quality.

5 (c) The Texas Commission on Environmental Quality has filed  
6 its recommendations relating to this Act with the governor,  
7 lieutenant governor, and speaker of the house of representatives  
8 within the required time.

9 (d) All requirements of the constitution and laws of this  
10 state and the rules and procedures of the legislature with respect  
11 to the notice, introduction, and passage of this Act are fulfilled  
12 and accomplished.

13 SECTION 3. This Act takes effect immediately if it receives  
14 a vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for immediate effect, this  
17 Act takes effect September 1, 2007.

**House Bill 1498**  
Conference Committee Report  
Section-by-Section Analysis

**HOUSE VERSION**

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8819.

**SENATE VERSION**

Same as House version except also adds Sections 8819.106, 8819.107, and 8819.108 as follows:

Sec. 8819.106. REGISTRATION AND REPORTING REQUIREMENTS FOR CERTAIN EXEMPT WELLS. Authorizes the district to adopt rules that require the owner or operator of a well or class of wells exempt from permitting under Section 36.117, Water Code, to register the well with the district and, if the well is not exempt under Section 36.117(b)(1), Water Code, to report groundwater withdrawals from the well using reasonable and appropriate reporting methods and frequency.

Sec. 8819.107. WELL SPACING RULES; EXEMPTIONS. (a) Except as provided by Subsection (b), requires the district to exempt from the well spacing requirements adopted by the district any well that is completed on or before the effective date of those requirements.

(b) Authorizes the district to provide by rule that a well may lose its exemption under this section if the well is modified in a manner that substantially increases the capacity of the well after the effective date of the well spacing requirements adopted by the district.

(c) Except as provided by this section, authorizes the district to require any well or class of wells exempt from permitting under Chapter 36, Water Code, to comply with the well spacing requirements adopted by the district and requires the district to apply well spacing

**CONFERENCE**

Same as House version.

**House Bill 1498**  
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**HOUSE VERSION**

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**CONFERENCE**

requirements uniformly to any well or class of wells based on the size or capacity of the well and without regard to the type of use of the groundwater produced by the well.

Sec. 8819.108. DISTRICT TERRITORY REQUIREMENTS; DISSOLUTION OF DISTRICT.

(a) Stipulates that, on September 1, 2011, the district boundaries must include at least one county adjacent to Panola County.

(b) Requires the Texas Commission on Environmental Quality, as soon as practicable after September 1, 2011, to determine whether the district complies with Subsection (a).

(c) If the commission determines that the district does not comply with Subsection (a), requires the commission to dissolve the district in accordance with Sections 36.304, 36.305, 36.307, 36.308, 36.309, and 36.310, Water Code, regardless of whether the district meets the criteria for dissolution under Section 36.304(a), Water Code.

(d) Provides that this section expires September 1, 2013.

SECTIONS 2-3.

Same as House version.

Same as House version.

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/24/07

Date

**ADOPTED**

30-0

MAY 26 2007

*Larry Paul*  
Secretary of the Senate

Honorable David Dewhurst  
President of the Senate

Honorable Tom Craddick  
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on house bill 1408 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

*[Signature]*  
Chair, Kevin Eltiso

*[Signature]*  
Chair, Hopson

Sen. Robert Bewell

Rep. R. Cook

*[Signature]*  
Sen. Glenn Hegar

*[Signature]*  
Rep. B. Frost

*[Signature]*  
Sen. Juan Hinojosa

*[Signature]*  
Rep. B. Hargrett

*[Signature]*  
On the part of the Senate  
Sen. Carlos Uresti

*[Signature]*  
On the part of the House  
Rep. A. Ritter

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Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

Filed 5/25/07 2:00pm

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**Sec. 8819.107. WELL SPACING RULES; EXEMPTIONS.** (a) Except as provided by Subsection (b), requires the district to exempt from the well spacing requirements adopted by the district any well that is completed on or before the effective date of those requirements.

(b) Authorizes the district to provide by rule that a well may lose its exemption under this section if the well is modified in a manner that substantially increases the capacity of the well after the effective date of the well spacing requirements adopted by the district.

(c) Except as provided by this section, authorizes the district to require any well or class of wells exempt from permitting under Chapter 36, Water Code, to comply with the well spacing requirements adopted by the district and requires the district to apply well spacing

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(a) Stipulates that, on September 1, 2011, the district boundaries must include at least one county adjacent to Panola County.

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(c) If the commission determines that the district does not comply with Subsection (a), requires the commission to dissolve the district in accordance with Sections 36.304, 36.305, 36.307, 36.308, 36.309, and 36.310, Water Code, regardless of whether the district meets the criteria for dissolution under Section 36.304(a), Water Code.

(d) Provides that this section expires September 1, 2013.

SECTIONS 2-3.

Same as House version.

Same as House version.

CONFERENCE COMMITTEE REPORT

H.B. No. 1498

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21 in the county to represent the precincts in which the temporary  
22 directors reside; and

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24 one temporary director who resides in the district to represent the  
25 district at large.

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25 county commissioners precinct by the voters of that precinct.

26 (c) Except as provided by Subsection (e), to be eligible to  
27 be a candidate for or to serve as director at large, a person must be

1 a registered voter in the district. To be a candidate for or to  
2 serve as director from a county commissioners precinct, a person  
3 must be a registered voter of that precinct.

4 (d) A person shall indicate on the application for a place  
5 on the ballot:

6 (1) the precinct that the person seeks to represent;  
7 or

8 (2) that the person seeks to represent the district at  
9 large.

10 (e) When the boundaries of the county commissioners  
11 precincts are redrawn after each federal decennial census to  
12 reflect population changes, a director in office on the effective  
13 date of the change, or a director elected or appointed before the  
14 effective date of the change whose term of office begins on or after  
15 the effective date of the change, shall serve in the precinct to  
16 which elected or appointed even though the change in boundaries  
17 places the person's residence outside the precinct for which the  
18 person was elected or appointed.

19 Sec. 8819.053. ELECTION DATE. The district shall hold an  
20 election to elect the appropriate number of directors on the  
21 uniform election date prescribed by Section 41.001, Election Code,  
22 in May of each even-numbered year.

23 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
24 and (d), Water Code, do not apply to the district.

25 (b) A director is entitled to receive compensation of not  
26 more than \$50 a day for each day the director actually spends  
27 performing the duties of a director. The compensation may not

1 exceed \$3,000 a year.

2 (c) The board may authorize a director to receive  
3 reimbursement for the director's reasonable expenses incurred  
4 while engaging in activities on behalf of the board.

5 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
6 required for board action. If there is a tie vote, the proposed  
7 action fails.

8 [Sections 8819.056-8819.100 reserved for expansion]

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
11 provided by this chapter, the district has all of the rights,  
12 powers, privileges, functions, and duties provided by the general  
13 law of this state applicable to groundwater conservation districts  
14 created under Section 59, Article XVI, Texas Constitution.

15 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
16 JURISDICTION. (a) Except as provided by this section, a  
17 groundwater well drilled or operated within the district under a  
18 permit issued by the Railroad Commission of Texas is under the  
19 jurisdiction of the railroad commission, and, in respect to such a  
20 well, the district has only the authority provided by Chapter 36,  
21 Water Code.

22 (b) Groundwater produced in an amount authorized by a  
23 railroad commission permit may be used within or exported from the  
24 district without a permit from the district.

25 (c) To the extent groundwater is produced in excess of  
26 railroad commission authorization, the holder of the railroad  
27 commission permit:



1           (1) shall apply to the district for the appropriate  
2 permit for the excess production; and

3           (2) is subject to the applicable regulatory fees.

4           Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
5 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
6 purchase, sell, transport, or distribute surface water or  
7 groundwater for any purpose.

8           Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
9 DOMAIN POWERS. The district may not exercise the power of eminent  
10 domain.

11           Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
12 "designated groundwater management area" means an area designated  
13 as a groundwater management area under Section 35.004, Water Code.

14           (b) To provide for regional continuity, the district shall  
15 comply with the requirements of Section 36.108, Water Code, and:

16           (1) participate as needed in coordination meetings  
17 with other groundwater conservation districts in its designated  
18 groundwater management area;

19           (2) coordinate the collection of data with other  
20 groundwater conservation districts in its designated groundwater  
21 management area in such a way as to achieve relative uniformity of  
22 data type and quality;

23           (3) coordinate efforts to monitor water quality with  
24 other groundwater conservation districts in its designated  
25 groundwater management area, local governments, and state  
26 agencies;

27           (4) provide groundwater level data to other

1 groundwater conservation districts in its designated groundwater  
2 management area;

3 (5) investigate any groundwater or aquifer pollution  
4 with the intention of locating its source;

5 (6) notify other groundwater conservation districts  
6 in its designated groundwater management area and all appropriate  
7 agencies of any groundwater pollution detected;

8 (7) annually provide to other groundwater  
9 conservation districts in its designated groundwater management  
10 area an inventory of water wells and an estimate of groundwater  
11 production in the district; and

12 (8) include other groundwater conservation districts  
13 in its designated groundwater management area on the mailing lists  
14 for district newsletters, seminars, public education events, news  
15 articles, and field days.

16 [Sections 8819.106-8819.150 reserved for expansion]

17 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

18 Sec. 8819.151. LIMITATION ON TAXES. The district may not  
19 impose ad valorem taxes at a rate that exceeds 1.5 cents on each  
20 \$100 valuation of taxable property in the district.

21 Sec. 8819.152. FEES. (a) The board by rule may impose  
22 reasonable fees on each well:

23 (1) for which a permit is issued by the district; and

24 (2) that is not exempt from district regulation.

25 (b) A production fee may be based on:

26 (1) the size of column pipe used by the well; or

27 (2) the amount of water actually withdrawn from the

1 well, or the amount authorized or anticipated to be withdrawn.

2 (c) The board shall base the initial production fee on the  
3 criteria listed in Subsection (b)(2). The initial production fee:

4 (1) may not exceed:

5 (A) 25 cents per acre-foot for water used for  
6 agricultural irrigation; or

7 (B) 6.75 cents per thousand gallons for water  
8 used for any other purpose; and

9 (2) may be increased at a cumulative rate not to exceed  
10 three percent per year.

11 (d) In addition to the production fee authorized under this  
12 section, the district may assess an export fee on groundwater from a  
13 well that is produced for transport outside the district.

14 (e) Fees authorized by this section may be:

15 (1) assessed annually;

16 (2) used to pay the cost of district operations; and

17 (3) used for any other purpose allowed under Chapter  
18 36, Water Code.

19 Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
20 may issue bonds and notes under Subchapter F, Chapter 36, Water  
21 Code, except that the total indebtedness created by that issuance  
22 may not exceed \$500,000 at any time.

23 SECTION 2. (a) The legal notice of the intention to  
24 introduce this Act, setting forth the general substance of this  
25 Act, has been published as provided by law, and the notice and a  
26 copy of this Act have been furnished to all persons, agencies,  
27 officials, or entities to which they are required to be furnished

1 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
2 Government Code.

3 (b) The governor has submitted the notice and Act to the  
4 Texas Commission on Environmental Quality.

5 (c) The Texas Commission on Environmental Quality has filed  
6 its recommendations relating to this Act with the governor,  
7 lieutenant governor, and speaker of the house of representatives  
8 within the required time.

9 (d) All requirements of the constitution and laws of this  
10 state and the rules and procedures of the legislature with respect  
11 to the notice, introduction, and passage of this Act are fulfilled  
12 and accomplished.

13 SECTION 3. This Act takes effect immediately if it receives  
14 a vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for immediate effect, this  
17 Act takes effect September 1, 2007.

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/24/07

Date

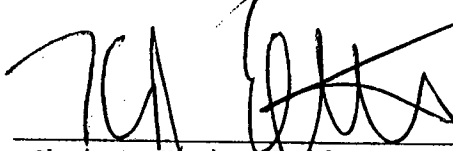
Honorable David Dewhurst  
President of the Senate

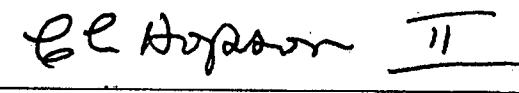
Honorable Tom Craddick  
Speaker of the House of Representatives


HOUSE OF REPRESENTATIVES  
07 MAY 25 PM 5:51

Sirs:

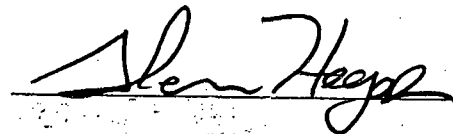
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on house bill 1493 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

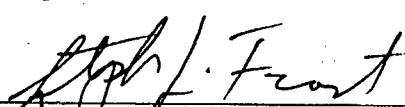
  
Chair, Kevin Elife

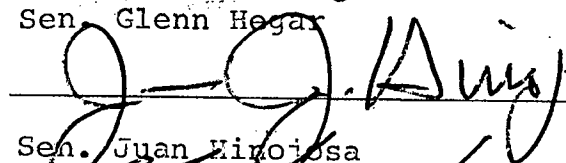
  
Chair, Hopson


  
Sen. Robert Deuell

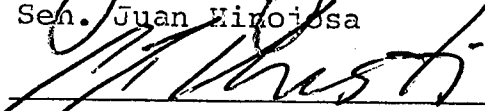
Rep. R. Cook

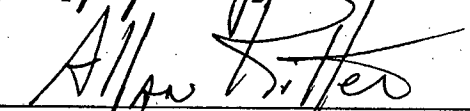
  
Sen. Glenn Hegar

  
Rep. S. Frost

  
Sen. Juan Hinojosa

  
Rep. J. Reynolds

  
On the part of the Senate  
Sen. Carlos Uresti

  
On the part of the House  
Rep. A. Ritter

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

# CONFERENCE COMMITTEE REPORT

3<sup>rd</sup> Printing

H.B. No. 1498

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8819 to read as follows:

## CHAPTER 8819. PANOLA COUNTY GROUNDWATER

### CONSERVATION DISTRICT

#### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8819.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Director" means a member of the board.

(3) "District" means the Panola County Groundwater Conservation District.

Sec. 8819.002. NATURE OF DISTRICT. The district is a groundwater conservation district in Panola County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8819.003. CONFIRMATION ELECTION REQUIRED. If the creation of the district is not confirmed at a confirmation election held on or before December 31, 2008, the district is dissolved on that date, except that:

1           (1) any debts incurred shall be paid;

2           (2) any assets that remain after the payment of debts  
3 shall be transferred to Panola County; and

4           (3) the organization of the district shall be  
5 maintained until all debts are paid and remaining assets are  
6 transferred.

7           Sec. 8819.004. INITIAL DISTRICT TERRITORY. The initial  
8 boundaries of the district are coextensive with the boundaries of  
9 Panola County, Texas.

10          Sec. 8819.005. APPLICABILITY OF OTHER GROUNDWATER  
11 CONSERVATION DISTRICT LAW. Except as otherwise provided by this  
12 chapter, Chapter 36, Water Code, applies to the district.

13          [Sections 8819.006-8819.020 reserved for expansion]

14                   SUBCHAPTER A-1. TEMPORARY PROVISIONS

15          Sec. 8819.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a)  
16 Not later than the 45th day after the effective date of this  
17 chapter, nine temporary directors shall be appointed as follows:

18               (1) the Panola County Commissioners Court shall  
19 appoint eight temporary directors, with two of the temporary  
20 directors appointed from each of the four commissioners precincts  
21 in the county to represent the precincts in which the temporary  
22 directors reside; and

23               (2) the county judge of Panola County shall appoint  
24 one temporary director who resides in the district to represent the  
25 district at large.

26               (b) Of the temporary directors, at least one director must  
27 represent rural water suppliers in the district, one must represent

1 agricultural interests in the district, and one must represent  
2 industrial interests in the district.

3 (c) If there is a vacancy on the temporary board of  
4 directors of the district, the Panola County Commissioners Court  
5 shall appoint a person to fill the vacancy in a manner that meets  
6 the representational requirements of this section.

7 (d) Temporary directors serve until the earlier of:

8 (1) the election of initial directors under Section  
9 8819.023; or

10 (2) the date this subchapter expires under Section  
11 8819.026.

12 Sec. 8819.022. ORGANIZATIONAL MEETING OF TEMPORARY  
13 DIRECTORS. As soon as practicable after all the temporary  
14 directors have qualified under Section 36.055, Water Code, a  
15 majority of the temporary directors shall convene the  
16 organizational meeting of the district at a location within the  
17 district agreeable to a majority of the directors. If an agreement  
18 on location cannot be reached, the organizational meeting shall be  
19 at the Panola County Courthouse.

20 Sec. 8819.023. CONFIRMATION AND INITIAL DIRECTORS'  
21 ELECTION. (a) The temporary directors shall hold an election to  
22 confirm the creation of the district and to elect the initial  
23 directors of the district.

24 (b) The temporary directors shall have placed on the ballot  
25 the names of all candidates for an initial director's position who  
26 have filed an application for a place on the ballot as provided by  
27 Section 52.003, Election Code.



1        (c) The ballot must be printed to provide for voting for or  
2 against the proposition: "The creation of the Panola County  
3 Groundwater Conservation District."

4        (d) If the district levies a maintenance tax for payment of  
5 expenses, the ballot must be printed to provide for voting for or  
6 against the proposition: "The levy of a maintenance tax at a rate  
7 not to exceed \_\_\_\_ cents for each \$100 of assessed valuation."

8        (e) Section 41.001(a), Election Code, does not apply to an  
9 election held under this section.

10       (f) Except as provided by this section, an election under  
11 this section must be conducted as provided by Sections  
12 36.017(b)-(i), Water Code, and the Election Code. The provision of  
13 Section 36.017(d), Water Code, relating to the election of  
14 permanent directors does not apply to an election under this  
15 section.

16       Sec. 8819.024. INITIAL DIRECTORS. (a) If creation of the  
17 district is confirmed at an election held under Section 8819.023,  
18 the initial directors of the district serve on the board of  
19 directors until permanent directors are elected under Section  
20 8819.025 or 8819.053.

21       (b) The two initial directors representing each of the four  
22 commissioners precincts shall draw lots to determine which of the  
23 two directors shall serve a term expiring June 1 following the first  
24 regularly scheduled election of directors under Section 8819.025,  
25 and which of the two directors shall serve a term expiring June 1  
26 following the second regularly scheduled election of directors.  
27 The at-large director shall serve a term expiring June 1 following

1 the second regularly scheduled election of directors.

2 Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On  
3 the uniform election date prescribed by Section 41.001, Election  
4 Code, in May of the first even-numbered year after the year in which  
5 the district is authorized to be created at a confirmation  
6 election, an election shall be held in the district for the election  
7 of four directors to replace the initial directors who, under  
8 Section 8819.024(b), serve a term expiring June 1 following that  
9 election.

10 Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter  
11 expires September 1, 2012.

12 [Sections 8819.027-8819.050 reserved for expansion]

13 SUBCHAPTER B. BOARD OF DIRECTORS

14 Sec. 8819.051. DIRECTORS; TERMS. (a) The district is  
15 governed by a board of nine directors.

16 (b) Directors serve staggered four-year terms, with four or  
17 five directors' terms expiring June 1 of each even-numbered year.

18 (c) A director may serve consecutive terms.

19 Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS  
20 PRECINCTS. (a) The directors of the district shall be elected  
21 according to the commissioners precinct method as provided by this  
22 section.

23 (b) One director shall be elected by the voters of the  
24 entire district, and two directors shall be elected from each  
25 county commissioners precinct by the voters of that precinct.

26 (c) Except as provided by Subsection (e), to be eligible to  
27 be a candidate for or to serve as director at large, a person must be

1 a registered voter in the district. To be a candidate for or to  
2 serve as director from a county commissioners precinct, a person  
3 must be a registered voter of that precinct.

4 (d) A person shall indicate on the application for a place  
5 on the ballot:

6 (1) the precinct that the person seeks to represent;  
7 or  
8 (2) that the person seeks to represent the district at  
9 large.

10 (e) When the boundaries of the county commissioners  
11 precincts are redrawn after each federal decennial census to  
12 reflect population changes, a director in office on the effective  
13 date of the change, or a director elected or appointed before the  
14 effective date of the change whose term of office begins on or after  
15 the effective date of the change, shall serve in the precinct to  
16 which elected or appointed even though the change in boundaries  
17 places the person's residence outside the precinct for which the  
18 person was elected or appointed.

19 Sec. 8819.053. ELECTION DATE. The district shall hold an  
20 election to elect the appropriate number of directors on the  
21 uniform election date prescribed by Section 41.001, Election Code,  
22 in May of each even-numbered year.

23 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
24 and (d), Water Code, do not apply to the district.

25 (b) A director is entitled to receive compensation of not  
26 more than \$50 a day for each day the director actually spends  
27 performing the duties of a director. The compensation may not

1 exceed \$3,000 a year.

2 (c) The board may authorize a director to receive  
3 reimbursement for the director's reasonable expenses incurred  
4 while engaging in activities on behalf of the board.

5 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
6 required for board action. If there is a tie vote, the proposed  
7 action fails.

8 [Sections 8819.056-8819.100 reserved for expansion]

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
11 provided by this chapter, the district has all of the rights,  
12 powers, privileges, functions, and duties provided by the general  
13 law of this state applicable to groundwater conservation districts  
14 created under Section 59, Article XVI, Texas Constitution.

15 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
16 JURISDICTION. (a) Except as provided by this section, a  
17 groundwater well drilled or operated within the district under a  
18 permit issued by the Railroad Commission of Texas is under the  
19 jurisdiction of the railroad commission, and, in respect to such a  
20 well, the district has only the authority provided by Chapter 36,  
21 Water Code.

22 (b) Groundwater produced in an amount authorized by a  
23 railroad commission permit may be used within or exported from the  
24 district without a permit from the district.

25 (c) To the extent groundwater is produced in excess of  
26 railroad commission authorization, the holder of the railroad  
27 commission permit:

1           (1) shall apply to the district for the appropriate  
2 permit for the excess production; and

3           (2) is subject to the applicable regulatory fees.

4           Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
5 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
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7 groundwater for any purpose.

8           Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
9 DOMAIN POWERS. The district may not exercise the power of eminent  
10 domain.

11           Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
12 "designated groundwater management area" means an area designated  
13 as a groundwater management area under Section 35.004, Water Code.

14           (b) To provide for regional continuity, the district shall  
15 comply with the requirements of Section 36.108, Water Code, and:

16           (1) participate as needed in coordination meetings  
17 with other groundwater conservation districts in its designated  
18 groundwater management area;

19           (2) coordinate the collection of data with other  
20 groundwater conservation districts in its designated groundwater  
21 management area in such a way as to achieve relative uniformity of  
22 data type and quality;

23           (3) coordinate efforts to monitor water quality with  
24 other groundwater conservation districts in its designated  
25 groundwater management area, local governments, and state  
26 agencies;

27           (4) provide groundwater level data to other

groundwater conservation districts in its designated groundwater management area;

(5) investigate any groundwater or aquifer pollution with the intention of locating its source;

(6) notify other groundwater conservation districts in its designated groundwater management area and all appropriate agencies of any groundwater pollution detected;

(7) annually provide to other groundwater conservation districts in its designated groundwater management area an inventory of water wells and an estimate of groundwater production in the district; and

(8) include other groundwater conservation districts in its designated groundwater management area on the mailing lists for district newsletters, seminars, public education events, news articles, and field days.

[Sections 8819.106-8819.150 reserved for expansion]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8819.151. LIMITATION ON TAXES. The district may not impose ad valorem taxes at a rate that exceeds 1.5 cents on each \$100 valuation of taxable property in the district.

Sec. 8819.152. FEES. (a) The board by rule may impose reasonable fees on each well:

(1) for which a permit is issued by the district; and

(2) that is not exempt from district regulation.

(b) A production fee may be based on:

(1) the size of column pipe used by the well; or

(2) the amount of water actually withdrawn from the

1 well, or the amount authorized or anticipated to be withdrawn.

2 (c) The board shall base the initial production fee on the  
3 criteria listed in Subsection (b)(2). The initial production fee:

4 (1) may not exceed:

5 (A) 25 cents per acre-foot for water used for  
6 agricultural irrigation; or

7 (B) 6.75 cents per thousand gallons for water  
8 used for any other purpose; and

9 (2) may be increased at a cumulative rate not to exceed  
10 three percent per year.

11 (d) In addition to the production fee authorized under this  
12 section, the district may assess an export fee on groundwater from a  
13 well that is produced for transport outside the district.

14 (e) Fees authorized by this section may be:

15 (1) assessed annually;

16 (2) used to pay the cost of district operations; and

17 (3) used for any other purpose allowed under Chapter  
18 36, Water Code.

19 Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
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21 Code, except that the total indebtedness created by that issuance  
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23 SECTION 2. (a) The legal notice of the intention to  
24 introduce this Act, setting forth the general substance of this  
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26 copy of this Act have been furnished to all persons, agencies,  
27 officials, or entities to which they are required to be furnished

1 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
2 Government Code.

3 (b) The governor has submitted the notice and Act to the  
4 Texas Commission on Environmental Quality.

5 (c) The Texas Commission on Environmental Quality has filed  
6 its recommendations relating to this Act with the governor,  
7 lieutenant governor, and speaker of the house of representatives  
8 within the required time.

9 (d) All requirements of the constitution and laws of this  
10 state and the rules and procedures of the legislature with respect  
11 to the notice, introduction, and passage of this Act are fulfilled  
12 and accomplished.

13 SECTION 3. This Act takes effect immediately if it receives  
14 a vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for immediate effect, this  
17 Act takes effect September 1, 2007.



**House Bill 1498**  
Conference Committee Report  
Section-by-Section Analysis

**HOUSE VERSION**

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8819.

**SENATE VERSION**

Same as House version except also adds Sections 8819.106, 8819.107, and 8819.108 as follows:

**Sec. 8819.106. REGISTRATION AND REPORTING REQUIREMENTS FOR CERTAIN EXEMPT WELLS.**

Authorizes the district to adopt rules that require the owner or operator of a well or class of wells exempt from permitting under Section 36.117, Water Code, to register the well with the district and, if the well is not exempt under Section 36.117(b)(1), Water Code, to report groundwater withdrawals from the well using reasonable and appropriate reporting methods and frequency.

**Sec. 8819.107. WELL SPACING RULES; EXEMPTIONS.** (a) Except as provided by Subsection (b), requires the district to exempt from the well spacing requirements adopted by the district any well that is completed on or before the effective date of those requirements.

(b) Authorizes the district to provide by rule that a well may lose its exemption under this section if the well is modified in a manner that substantially increases the capacity of the well after the effective date of the well spacing requirements adopted by the district.

(c) Except as provided by this section, authorizes the district to require any well or class of wells exempt from permitting under Chapter 36, Water Code, to comply with the well spacing requirements adopted by the district and requires the district to apply well spacing

**CONFERENCE**

Same as House version.

**House Bill 1498**  
Conference Committee Report  
Section-by-Section Analysis

**HOUSE VERSION**

**SENATE VERSION**

**CONFERENCE**

requirements uniformly to any well or class of wells based on the size or capacity of the well and without regard to the type of use of the groundwater produced by the well.

Sec. 8819.108. DISTRICT TERRITORY REQUIREMENTS; DISSOLUTION OF DISTRICT.

(a) Stipulates that, on September 1, 2011, the district boundaries must include at least one county adjacent to Panola County.

(b) Requires the Texas Commission on Environmental Quality, as soon as practicable after September 1, 2011, to determine whether the district complies with Subsection (a).

(c) If the commission determines that the district does not comply with Subsection (a), requires the commission to dissolve the district in accordance with Sections 36.304, 36.305, 36.307, 36.308, 36.309, and 36.310, Water Code, regardless of whether the district meets the criteria for dissolution under Section 36.304(a), Water Code.

(d) Provides that this section expires September 1, 2013.

SECTIONS 2-3.

Same as House version.

Same as House version.

## ENROLLMENT

H.B. No. 1498

### AN ACT

relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8819 to read as follows:

#### CHAPTER 8819. PANOLA COUNTY GROUNDWATER

##### CONSERVATION DISTRICT

##### SUBCHAPTER A. GENERAL PROVISIONS

##### Sec. 8819.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Director" means a member of the board.

(3) "District" means the Panola County Groundwater Conservation District.

Sec. 8819.002. NATURE OF DISTRICT. The district is a groundwater conservation district in Panola County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8819.003. CONFIRMATION ELECTION REQUIRED. If the creation of the district is not confirmed at a confirmation election held on or before December 31, 2008, the district is dissolved on that date, except that:

1           (1) any debts incurred shall be paid;

2           (2) any assets that remain after the payment of debts  
3 shall be transferred to Panola County; and

4           (3) the organization of the district shall be  
5 maintained until all debts are paid and remaining assets are  
6 transferred.

7           Sec. 8819.004. INITIAL DISTRICT TERRITORY. The initial  
8 boundaries of the district are coextensive with the boundaries of  
9 Panola County, Texas.

10          Sec. 8819.005. APPLICABILITY OF OTHER GROUNDWATER  
11 CONSERVATION DISTRICT LAW. Except as otherwise provided by this  
12 chapter, Chapter 36, Water Code, applies to the district.

13           [Sections 8819.006-8819.020 reserved for expansion]

14                   SUBCHAPTER A-1. TEMPORARY PROVISIONS

15          Sec. 8819.021. APPOINTMENT OF TEMPORARY DIRECTORS. (a)  
16 Not later than the 45th day after the effective date of this  
17 chapter, nine temporary directors shall be appointed as follows:

18           (1) the Panola County Commissioners Court shall  
19 appoint eight temporary directors, with two of the temporary  
20 directors appointed from each of the four commissioners precincts  
21 in the county to represent the precincts in which the temporary  
22 directors reside; and

23           (2) the county judge of Panola County shall appoint  
24 one temporary director who resides in the district to represent the  
25 district at large.

26          (b) Of the temporary directors, at least one director must  
27 represent rural water suppliers in the district, one must represent

1 agricultural interests in the district, and one must represent  
2 industrial interests in the district.

3 (c) If there is a vacancy on the temporary board of  
4 directors of the district, the Panola County Commissioners Court  
5 shall appoint a person to fill the vacancy in a manner that meets  
6 the representational requirements of this section.

7 (d) Temporary directors serve until the earlier of:

8 (1) the election of initial directors under Section  
9 8819.023; or

10 (2) the date this subchapter expires under Section  
11 8819.026.

12 Sec. 8819.022. ORGANIZATIONAL MEETING OF TEMPORARY  
13 DIRECTORS. As soon as practicable after all the temporary  
14 directors have qualified under Section 36.055, Water Code, a  
15 majority of the temporary directors shall convene the  
16 organizational meeting of the district at a location within the  
17 district agreeable to a majority of the directors. If an agreement  
18 on location cannot be reached, the organizational meeting shall be  
19 at the Panola County Courthouse.

20 Sec. 8819.023. CONFIRMATION AND INITIAL DIRECTORS'  
21 ELECTION. (a) The temporary directors shall hold an election to  
22 confirm the creation of the district and to elect the initial  
23 directors of the district.

24 (b) The temporary directors shall have placed on the ballot  
25 the names of all candidates for an initial director's position who  
26 have filed an application for a place on the ballot as provided by  
27 Section 52.003, Election Code.

1        (c) The ballot must be printed to provide for voting for or  
2 against the proposition: "The creation of the Panola County  
3 Groundwater Conservation District."

4        (d) If the district levies a maintenance tax for payment of  
5 expenses, the ballot must be printed to provide for voting for or  
6 against the proposition: "The levy of a maintenance tax at a rate  
7 not to exceed \_\_\_\_ cents for each \$100 of assessed valuation."

8        (e) Section 41.001(a), Election Code, does not apply to an  
9 election held under this section.

10       (f) Except as provided by this section, an election under  
11 this section must be conducted as provided by Sections  
12 36.017(b)-(i), Water Code, and the Election Code. The provision of  
13 Section 36.017(d), Water Code, relating to the election of  
14 permanent directors does not apply to an election under this  
15 section.

16       Sec. 8819.024. INITIAL DIRECTORS. (a) If creation of the  
17 district is confirmed at an election held under Section 8819.023,  
18 the initial directors of the district serve on the board of  
19 directors until permanent directors are elected under Section  
20 8819.025 or 8819.053.

21       (b) The two initial directors representing each of the four  
22 commissioners precincts shall draw lots to determine which of the  
23 two directors shall serve a term expiring June 1 following the first  
24 regularly scheduled election of directors under Section 8819.025,  
25 and which of the two directors shall serve a term expiring June 1  
26 following the second regularly scheduled election of directors.  
27 The at-large director shall serve a term expiring June 1 following

1 the second regularly scheduled election of directors.

2 Sec. 8819.025. INITIAL ELECTION OF PERMANENT DIRECTORS. On  
3 the uniform election date prescribed by Section 41.001, Election  
4 Code, in May of the first even-numbered year after the year in which  
5 the district is authorized to be created at a confirmation  
6 election, an election shall be held in the district for the election  
7 of four directors to replace the initial directors who, under  
8 Section 8819.024(b), serve a term expiring June 1 following that  
9 election.

10 Sec. 8819.026. EXPIRATION OF SUBCHAPTER. This subchapter  
11 expires September 1, 2012.

12 [Sections 8819.027-8819.050 reserved for expansion]

13 SUBCHAPTER B. BOARD OF DIRECTORS

14 Sec. 8819.051. DIRECTORS; TERMS. (a) The district is  
15 governed by a board of nine directors.

16 (b) Directors serve staggered four-year terms, with four or  
17 five directors' terms expiring June 1 of each even-numbered year.

18 (c) A director may serve consecutive terms.

19 Sec. 8819.052. METHOD OF ELECTING DIRECTORS: COMMISSIONERS  
20 PRECINCTS. (a) The directors of the district shall be elected  
21 according to the commissioners precinct method as provided by this  
22 section.

23 (b) One director shall be elected by the voters of the  
24 entire district, and two directors shall be elected from each  
25 county commissioners precinct by the voters of that precinct.

26 (c) Except as provided by Subsection (e), to be eligible to  
27 be a candidate for or to serve as director at large, a person must be

1 a registered voter in the district. To be a candidate for or to  
2 serve as director from a county commissioners precinct, a person  
3 must be a registered voter of that precinct.

4 (d) A person shall indicate on the application for a place  
5 on the ballot:

6 (1) the precinct that the person seeks to represent;  
7 or

8 (2) that the person seeks to represent the district at  
9 large.

10 (e) When the boundaries of the county commissioners  
11 precincts are redrawn after each federal decennial census to  
12 reflect population changes, a director in office on the effective  
13 date of the change, or a director elected or appointed before the  
14 effective date of the change whose term of office begins on or after  
15 the effective date of the change, shall serve in the precinct to  
16 which elected or appointed even though the change in boundaries  
17 places the person's residence outside the precinct for which the  
18 person was elected or appointed.

19 Sec. 8819.053. ELECTION DATE. The district shall hold an  
20 election to elect the appropriate number of directors on the  
21 uniform election date prescribed by Section 41.001, Election Code,  
22 in May of each even-numbered year.

23 Sec. 8819.054. COMPENSATION. (a) Sections 36.060(a), (b),  
24 and (d), Water Code, do not apply to the district.

25 (b) A director is entitled to receive compensation of not  
26 more than \$50 a day for each day the director actually spends  
27 performing the duties of a director. The compensation may not



1 exceed \$3,000 a year.

2 (c) The board may authorize a director to receive  
3 reimbursement for the director's reasonable expenses incurred  
4 while engaging in activities on behalf of the board.

5 Sec. 8819.055. BOARD ACTION. A majority vote of a quorum is  
6 required for board action. If there is a tie vote, the proposed  
7 action fails.

8 [Sections 8819.056-8819.100 reserved for expansion]

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 8819.101. GENERAL POWERS. Except as otherwise  
11 provided by this chapter, the district has all of the rights,  
12 powers, privileges, functions, and duties provided by the general  
13 law of this state applicable to groundwater conservation districts  
14 created under Section 59, Article XVI, Texas Constitution.

15 Sec. 8819.102. GROUNDWATER WELLS UNDER RAILROAD COMMISSION  
16 JURISDICTION. (a) Except as provided by this section, a  
17 groundwater well drilled or operated within the district under a  
18 permit issued by the Railroad Commission of Texas is under the  
19 jurisdiction of the railroad commission, and, in respect to such a  
20 well, the district has only the authority provided by Chapter 36,  
21 Water Code.

22 (b) Groundwater produced in an amount authorized by a  
23 railroad commission permit may be used within or exported from the  
24 district without a permit from the district.

25 (c) To the extent groundwater is produced in excess of  
26 railroad commission authorization, the holder of the railroad  
27 commission permit:

1           (1) shall apply to the district for the appropriate  
2 permit for the excess production; and

3           (2) is subject to the applicable regulatory fees.

4           Sec. 8819.103. PROHIBITION ON DISTRICT PURCHASE, SALE,  
5 TRANSPORT, OR DISTRIBUTION OF WATER. The district may not  
6 purchase, sell, transport, or distribute surface water or  
7 groundwater for any purpose.

8           Sec. 8819.104. PROHIBITION ON DISTRICT USE OF EMINENT  
9 DOMAIN POWERS. The district may not exercise the power of eminent  
10 domain.

11           Sec. 8819.105. REGIONAL COOPERATION. (a) In this section,  
12 "designated groundwater management area" means an area designated  
13 as a groundwater management area under Section 35.004, Water Code.

14           (b) To provide for regional continuity, the district shall  
15 comply with the requirements of Section 36.108, Water Code, and:

16           (1) participate as needed in coordination meetings  
17 with other groundwater conservation districts in its designated  
18 groundwater management area;

19           (2) coordinate the collection of data with other  
20 groundwater conservation districts in its designated groundwater  
21 management area in such a way as to achieve relative uniformity of  
22 data type and quality;

23           (3) coordinate efforts to monitor water quality with  
24 other groundwater conservation districts in its designated  
25 groundwater management area, local governments, and state  
26 agencies;

27           (4) provide groundwater level data to other

1 groundwater conservation districts in its designated groundwater  
2 management area;

3 (5) investigate any groundwater or aquifer pollution  
4 with the intention of locating its source;

5 (6) notify other groundwater conservation districts  
6 in its designated groundwater management area and all appropriate  
7 agencies of any groundwater pollution detected;

8 (7) annually provide to other groundwater  
9 conservation districts in its designated groundwater management  
10 area an inventory of water wells and an estimate of groundwater  
11 production in the district; and

12 (8) include other groundwater conservation districts  
13 in its designated groundwater management area on the mailing lists  
14 for district newsletters, seminars, public education events, news  
15 articles, and field days.

16 [Sections 8819.106-8819.150 reserved for expansion]

17 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

18 Sec. 8819.151. LIMITATION ON TAXES. The district may not  
19 impose ad valorem taxes at a rate that exceeds 1.5 cents on each  
20 \$100 valuation of taxable property in the district.

21 Sec. 8819.152. FEES. (a) The board by rule may impose  
22 reasonable fees on each well:

23 (1) for which a permit is issued by the district; and

24 (2) that is not exempt from district regulation.

25 (b) A production fee may be based on:

26 (1) the size of column pipe used by the well; or

27 (2) the amount of water actually withdrawn from the

1 well, or the amount authorized or anticipated to be withdrawn.

2 (c) The board shall base the initial production fee on the  
3 criteria listed in Subsection (b)(2). The initial production fee:

4 (1) may not exceed:

5 (A) 25 cents per acre-foot for water used for  
6 agricultural irrigation; or

7 (B) 6.75 cents per thousand gallons for water  
8 used for any other purpose; and

9 (2) may be increased at a cumulative rate not to exceed  
10 three percent per year.

11 (d) In addition to the production fee authorized under this  
12 section, the district may assess an export fee on groundwater from a  
13 well that is produced for transport outside the district.

14 (e) Fees authorized by this section may be:

15 (1) assessed annually;

16 (2) used to pay the cost of district operations; and

17 (3) used for any other purpose allowed under Chapter  
18 36, Water Code.

19 Sec. 8819.153. LIMITATION ON INDEBTEDNESS. The district  
20 may issue bonds and notes under Subchapter F, Chapter 36, Water  
21 Code, except that the total indebtedness created by that issuance  
22 may not exceed \$500,000 at any time.

23 SECTION 2. (a) The legal notice of the intention to  
24 introduce this Act, setting forth the general substance of this  
25 Act, has been published as provided by law, and the notice and a  
26 copy of this Act have been furnished to all persons, agencies,  
27 officials, or entities to which they are required to be furnished

1 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
2 Government Code.

3 (b) The governor has submitted the notice and Act to the  
4 Texas Commission on Environmental Quality.

5 (c) The Texas Commission on Environmental Quality has filed  
6 its recommendations relating to this Act with the governor,  
7 lieutenant governor, and speaker of the house of representatives  
8 within the required time.

9 (d) All requirements of the constitution and laws of this  
10 state and the rules and procedures of the legislature with respect  
11 to the notice, introduction, and passage of this Act are fulfilled  
12 and accomplished.

13 SECTION 3. This Act takes effect immediately if it receives  
14 a vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for immediate effect, this  
17 Act takes effect September 1, 2007.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 1498 was passed by the House on May 2, 2007, by the following vote: Yeas 147, Nays 0, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 1498 on May 24, 2007, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 1498 on May 26, 2007, by the following vote: Yeas 140, Nays 0, 2 present, not voting.

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Chief Clerk of the House

H.B. No. 1498

I certify that H.B. No. 1498 was passed by the Senate, with amendments, on May 21, 2007, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 1498 on May 26, 2007, by the following vote: Yeas 30, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor

President of the Senate

Speaker of the House

I certify that H.B. No. 1498 was passed by the House on  
(1)

May 2, 2007, by the following vote:  
(2)

Yeas 147, Nays 0, 2 present, not voting;  
(3) (4)

that the House refused to concur in Senate amendments to H.B. No. 1498  
on May 24, 2007, and requested the  
(5)

appointment of a conference committee to consider the differences

between the two houses; and that the House adopted the conference

committee report on H.B. No. 1498 on May 26, 2007, by  
(6)

the following vote: Yeas 140, Nays 0, 2 present, not voting.  
(7) (8)

Chief Clerk of the House

\*\*\*\* Preparation: CT43

I certify that H.B. No. 1498 was passed by the Senate, with  
(1)  
amendments, on May 21, 2007, by the following  
(2)

vote: Yeas 31, Nays 0;  
(3) (4)

at the request of the House, the Senate appointed a conference

committee to consider the differences between the two houses;

and that the Senate adopted the conference committee report on

H.B. No. 1498 on May 26, 2007, by the following vote:  
(5)

Yeas 30, Nays 0.  
(6) (7)

Secretary of the Senate

APPROVED:

Date

Governor

\*\*\*\* Preparation: CT44



H.B. No.

1498

By

EL Hagan

A BILL TO BE ENTITLED  
AN ACT

relating to the creation of the Panola County Groundwater Conservation District; providing authority to impose a tax and issue bonds.

FEB 14 2007

Filed with the Chief Clerk

FEB 20 2007

Read first time and referred to Committee on

Natural Resources

APR 18 2007

Reported favorably (~~unanimous~~)  
(as substituted)

APR 25 2007

Sent to Committee on (~~Calendars~~)  
(Local & Consent Calendars)

MAY 02 2007

Read second time (comm. subst.) (~~unanimous~~) passed to third reading (~~failed~~) by a (non-record vote)  
(~~record vote~~) ~~yeas~~ ~~nays~~ ~~present~~ ~~not voting~~

Constitutional rule requiring bills to be read on three several days suspended (failed to suspend)  
by a vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present, not voting

MAY 02 2007

Read third time (~~unanimous~~); finally passed (~~failed~~) by a (~~non-record vote~~)  
(record vote of 147 yeas, 0 nays, 2 present, not voting)

MAY -3 2007

Engrossed

MAY -3 2007

Sent to Senate

Robert Hagan  
CHIEF CLERK OF THE HOUSE

OTHER HOUSE ACTION:

MAY 03 2007

Received from the House

MAY 07 2007

Read and referred to Committee on

NATURAL RESOURCES

Reported favorably

MAY 17 2007

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time

Ordered not printed

Laid before the Senate

MAY 21 2007

Senate and Constitutional Rules to permit consideration suspended by (unanimous consent)  
(\_\_\_\_\_ yeas, \_\_\_\_\_ nays)

MAY 21 2007

Read second time, \_\_\_\_\_, and passed to third reading by (unanimous consent)  
(a viva voce vote)  
(\_\_\_\_\_ yeas, \_\_\_\_\_ nays)

MAY 21 2007

Senate and Constitutional 3 Day Rules suspended by a vote of 31 yeas, 0 nays

MAY 21 2007

Read third time, \_\_\_\_\_, and passed by a (viva voce vote)  
(31 yeas, 0 nays)

May 21, 2007

Returned to the House

OTHER SENATE ACTION:

Patsy Spaw  
SECRETARY OF THE SENATE

MAY 21 2007

Returned from the Senate (as substituted)  
(~~XXXXXXXXXX~~)

MAY 24 2007

House concurred in Senate amendments by a (non-record vote)  
(record vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present, not voting)

MAY 24 2007

House refused to concur in Senate amendments and requested the appointment of a conference committee  
by a (non-record vote) (~~XXXXXX~~, ~~XXXXXX~~, ~~XXXXXX~~, ~~XXXXXX~~)

House conferees appointed: Hopson, Chair; Cook of Colorado,  
Frost, McReynolds, Rutter

MAY 24 2007

Senate granted House request. Senate conferees appointed: Elitfe, Chair;  
Deuell, Hegar, Hingosa, Uresti

MAY 26, 2007

Conference committee report adopted (~~rejected~~) by the House by a (~~non-record vote~~)  
(record vote of 140 yeas, 0 nays, 2 present, not voting)

MAY 26, 2007

Conference committee report adopted (~~rejected~~) by the Senate by a (~~vote~~)  
(record vote of 30 yeas, 0 nays)

07 MAY 21 PM 11:29

HOUSE OF REPRESENTATIVES

07 APR 25 AM 12:49

HOUSE OF REPRESENTATIVES